

Running head: COMPENSATION BY GENDER

A SURVEY OF EXECUTIVE-BASED COMPENSATION BY GENDER IN
NONPROFIT ORGANIZATIONS IN SOUTHWESTERN PENNSYLVANIA

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Abstract

The gender wage imbalance is pervasive across all industries, including the nonprofit sector. Although some research suggests women's personal and professional choices result in a gender wage gap, it is also possible that discrimination and self-efficacy may contribute to pay disparity. The purpose of this study was to explore how various organizational, demographic, and individual characteristics affect nonprofit executive compensation. Survey data and IRS Form 990 data were collected from nonprofit executives in southwestern Pennsylvania. Bivariate correlation analysis and an exploratory multiple linear regression model predicting nonprofit compensation were developed. The data offered statistically significant evidence to suggest a positive correlation between total executive compensation and organizational expenses, the number of full-time employees, the number of board members, an executive's years of experience in the public sector, and an executive's years of experience in the nonprofit sector. There was a weak inverse correlation between total compensation and the percentage of women on the board of directors. The prediction model was significant and found that expenses, total number of board members, years of experience in government, and years of experience in the nonprofit sector accounted for approximately 54% of the variance in total compensation. However, self-efficacy was not related to total compensation for male or female executives. In sum, an organization's total budget, the total number of board members and an executive's total years of experience in the nonprofit and public sector explained more than half of the variation in compensation. Therefore, this study concludes women are most likely to maximize their earnings by leading large organizations and gaining experience in the public and nonprofit sector.

Keywords: nonprofit compensation, executive compensation, pay determinants, gender wage

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gap, self-efficacy, career development

Chapter I - Introduction

Despite advances in society and the efforts of protective legislation, women still experience systematic discrimination in the workplace. Women earn about 77% of their male counterparts' salaries in the workplace, termed the national gender wage gap (U.S. Census Bureau, 2013). The wage gap refers specifically to the difference in salary between men and women doing the same or similar jobs. A related issue in the work place is the presence of what is called the glass ceiling, a barrier that prevents women from climbing the career ladder to highest levels (Gibelman, 2000; Morrison & White, 1987). While the existence of a wage gap is hard to dispute, researchers disagree about the reasons why it exists (Reese & Warner, 2011).

According to the American Association of University Women (AAUW) one frequently offered explanation for the wage gap is that women's life choices are the source of pay inequity (AAUW, 2014). These choices include (1) the type of occupations women choose (2) women's time out of the workforce to bear and raise children (3) women's levels of educational attainment, and (4) women's lack of leadership desire (Faulk, Edwards, Lewis & McGinnis, 2013; Kulow, 2013; Reese & Warner, 2011; Themudo, 2009). However, a recent study by the AAUW (2014) refutes this notion. The AAUW study showed that even after controlling for education, occupation, parenthood, hours worked, and other factors frequently cited as the cause of the wage gap, women still earn less than their male counterparts (Corbett & Hill, 2012). Stanberry and Aven (2013) also found a wage gap between men and women when controlling for gender differences in work patterns. Similarly, Blau and Kahn (2006) conducted a study that controlled for several factors including type of sector and the market value of skills. The study revealed an unexplainable difference between males' and females' wages and argued that at least a portion of the gender wage gap could only be explained by discrimination. The gender wage

imbalance is pervasive across all industries, including the nonprofit sector (Gibelman, 2000).

This is somewhat surprising since the underlying values of the nonprofit sector, which include beliefs in human rights, justice, fairness, suggest that these organizations would follow nondiscriminatory practices.

Women make up about 70% of nonprofit employees in the United States (Powell & Steinberg, 2006; Preston & Sacks, 2010). Because women dominate the nonprofit workforce the phenomenon of wage inequity is particularly interesting in this sector. Landsford, Clements, Falzon, Aish, and Rogers (2010) suggest that women who work in the nonprofit sector have greater opportunities for advancement than their for-profit sector counterparts. Yet, women who work in the nonprofit sectors are still paid less than their male equivalents in the field. In fact, women earn less at all organizational levels and are underrepresented in leadership positions across the sector (Guidestar, 2010).

Sources of Persistent Disadvantage in the Workplace for Women

Historically, the concept of career development has not only been defined by career behaviors over a lifetime, but also addresses how career behavior is changed through various interventions (Herr, 2001). Career development in the United States has been characterized by responsiveness to the changing environment (Herr, 2001). For instance, vocational development became necessary as the country transitioned from an agricultural society to an industrialized nation dependent on immigrant labor. Vocational development has also been influenced by national legislation such as the Career Education Incentive Act of 1978 that required career education programs in elementary and secondary schools (Herr & Shahnasarian, 2001). The concept of career development gained additional traction as women and minorities began to join the workforce (Herr, 2001).

Until the 1970s, much of the attention on women's career development focused on internal constraints such as fear of success, aversion to risk-taking behavior, home-career conflict, and external barriers such as discrimination and family socialization (Farmer, 1976; Hackett & Betz, 1981). Although these factors helped to explain why women's careers had been limited, there was a need to better understand how individual's and society's expectations impacted women's vocational choices. Thus, researchers began to apply social learning theory approaches to career development (Betz & Hackett, 1981; Hackett & Betz, 1981; Krumboltz, Mitchell & Jones, 1976;).

One theory about why the disadvantaged position of women in the workforce persists is low self-efficacy expectations derived from the work of Albert Bandura, known as the father of social learning theory. Bandura's research focused on how vicarious learning experiences influence human thoughts and behaviors (Perry, Martin & Toplis, 2007). According to Bandura (1977) an individual's self-efficacy refers to the belief in his or her own ability to successfully accomplish a task or exhibit a desired behavior. Applied more broadly, self-efficacy expectations are the basis on which an individual is motivated to try a certain behavior (Hackett & Betz, 1981).

Estes and Felker (2012) noted the significance of low levels of self-efficacy. In the study, both males and females were asked to mentally rotate three-dimensional figures. The females scored significantly lower than the males because they abstained from answering all of the questions. However, when required to answer the questions, males and females had nearly equivalent scores. This suggests it is women's low levels of self-efficacy that impairs their chances of success and not their inabilities. Similarly, a study of high school students conducted by Shumow and Schmidt (2013) found that despite having equivalent grades in science, male

students were more likely to persist when they experienced setbacks and worked harder to achieve their goals. The findings of these studies support the notion that women may not fully recognize their own interests and abilities in career pursuits because women's self-efficacy expectations tend to be lower and weaker than those of men (Bandura, Adams, & Beyer, 1977; Farmer, 1976).

Gail Hackett and Nancy Betz (1981) were the first to apply self-efficacy to women's vocational development. As a faculty member at the Ohio State University and former career counselor, Hackett's research has focused on cognitive behaviors based on social learning theory. Betz, an Ohio State colleague, has extensively researched why women rarely pursue careers in math and the sciences (Betz & Hackett, 2005). Combining their expertise, Hackett and Betz pioneered the concept of career self-efficacy. Career self-efficacy is defined as the motivation an individual has to act within their scope of perceived abilities in order to achieve in their professional domain (Ji, Lapan, & Tate, 2004). This theory suggests that women's lower career-related self-efficacy expectations may impede career choices and the development in the individual (Betz & Hackett, 1986). For instance, Lent, Brown, and Larkin (1986) in a study of undergraduate students interested in math and science found that those with lower levels of self-efficacy achieved lower grades and failed to persist as long in their major. More recently, Marra, Rodgers, Shen, and Bogue (2009) studied self-efficacy data collected from 196 undergraduate women studying engineering. Marra et al. (2009) found a positive and significant relationship between the female students' intention to persist in their degree and their reported levels of self-efficacy. Clearly, gender is an important variable which shapes and narrows women's perceptions of acceptable careers (Betz, 2008; Marra et al., 2009).

In their seminal study, Betz and Hackett (1981) hypothesized that it was not women's interests, values, and abilities that limits their careers, but their self-efficacy beliefs. The researchers further thought low career self-efficacy might explain (1) why women were under-represented in certain fields and (2) why women fail to fully employ their abilities and skills in career development. The study found that girls' minimal exposure to a full array of potential occupations limited their ability to develop strong self-efficacy beliefs in many occupational areas (Betz & Hackett, 1981). Additionally, teachers' implicit beliefs regarding gender can impact students' career self-efficacy (Shumow & Schmidt, 2013). In a study of high school science teachers, most did not express a belief about gender differences in students' interest for science, but when asked to identify students who should pursue a career in science, only 23 percent of teachers identified a female student. In the same study, teachers described high achieving males as having intellectual capacity, whereas high achieving females were described as being hard-workers (Shumow & Schmidt, 2013). Since boys tend to receive more exposure to and encouragement toward mechanical, scientific, and technical activities, they may be more likely to develop stronger efficacy expectations in these fields than young women (Betz & Hackett, 1997). Gender-role socialization experiences can result in gendered occupations.

More recent research by Fryer and Levitt (2009) suggests the gender role socialization processes persist in limiting women's career choices. In the 2009 study, Fryer and Levitt found a substantial gender gap in mathematics in the early years of schooling. This is a noteworthy finding as females generally tend to outperform males in academics in the elementary grades (Lee, Grigg & Dion, 2007). Fryer and Levitt (2009) hypothesized that the gap might be explained by males' higher levels of competitiveness, females' math anxiety, and/or socialization processes that send messages to girls that math is not important.

Ji et al. (2004) measured eighth graders' levels of interest and self-efficacy in various occupations and found that occupational sex-typing continues to influence children into the middle school grades. Students indicated they would rather work in occupations that they perceived as employing more members of their own sex (Ji et al., 2004). More than three decades after Betz and Hackett's original empirical study, the research above suggests gender-role socialization still impacts females' career self-efficacy. When females are not encouraged in the classroom, they fail to persist in challenging majors (Aukrust, 2008; Lent et al., 1986; Luongo, 2012; Shumow & Schmidt, 2013). As a result they are less likely to cultivate their full abilities and, consequently, their career opportunities are often limited to female-gendered occupations (Gibson & Lawrence, 2010; Ji et al., 2004).

An individual's background and environmental resources are also important to career self-efficacy. For instance, proximal factors such as perceptions of supports and barriers to academic or career success were found to be especially important during the active stages of career decision-making (Lent, Brown, & Hackett, 2000; Wright, Perrone-McGovern, Boo, & White, 2014). For instance, a close relationship with a career advisor may encourage a female student to pursue a more male-dominated career. In fact, Wright et al. (2014) found that career barriers and supports can actually reconcile the relationship between personal inputs and self-efficacy. Therefore, as individuals perceive greater support and fewer barriers, their self-efficacy in career decision-making will increase.

Self-efficacy beliefs not only have a strong influence on career decision-making and career choice, but also significantly affect the development of core vocational choice predictors such as interests, values, and goals (Hackett & Betz, 1986; Marra et al., 2009). For instance, in a study conducted by Betz and Hackett (1983) that measured mathematics self-efficacy among

undergraduate students, there were significant gender differences with men being more confident than women. However, self-efficacy expectations were equivalent between males and females whenever the mathematics tasks described were more stereotypically female such as mentally tallying a grocery bill (Betz & Hackett, 1983). Diekman, Brown, Johnston, and Clark (2010) noted a similar trend in a study of more than 300 undergraduates enrolled in psychology and STEM (science, technology, engineering, and mathematics) classes. Diekman et al. (2010) found that gender differences in self-efficacy were one of the critical reasons why women are underrepresented in STEM classes. In fact, even capable women may choose alternative career paths as a result of low levels of self-efficacy (Diekman et al., 2010). Therefore, lower career-related self-efficacy expectations can be seen as a major contributor in explaining the underrepresentation of women in traditionally male dominated career areas (Betz & Hackett, 1997; Diekman et al., 2010). In other words, if females prematurely avoid viable, higher-status, nontraditional career options due to low efficacy expectations, their chances of choosing a prominent, well-paid career path are significantly lower (Hackett, 1995). Thus, the implication of low self-efficacy in a content area is the avoidance of that area for possible coursework and careers (Betz, 1992).

Research has also found that women may limit themselves economically by choosing traditionally female occupations that they believe will allow them to more easily balance their family and professional responsibilities (Fitzgerald & Weitzman, 1992; Tajlili, 2014). For instance, a woman may modify her work schedule to accommodate her children's school hours or to care for ailing parents. This multiple role efficacy further explains why women undervalue their own interests and abilities and settle for lower prestige careers (Betz, 1995). Women are constantly confronted with messages of working women who successfully balance work life,

personal life, and family life. Balancing multiple roles in a fast-paced world is a task at which women excel (Tajlili, 2014). In 2009, Ren, Zhou, and Fu studied 84 university students as they added a secondary task to a primary task. When including the second task, the males' scores on the primary task decreased; however, females' scores on the primary task increased when adding a second task. This suggests females have better cognitive control than males and, consequently, are better multitaskers.

According to recent estimates, men and women's total paid and unpaid workloads are nearly equivalent. However, women remain primarily responsible for managing the family and the home (Bianchi, Robinson, & Milkie, 2006; Offer & Schneider, 2011). According to a study by Offer and Schneider (2011) that examined dual-earning households, women, on average, spend 10 more hours a week on multitasking compared to men (e.g. helping children with their homework while preparing dinner). While low levels of self-efficacy may inhibit women in high-paying, high-powered jobs, high levels of self-efficacy are demonstrated in women's abilities to manage multiple roles (Lefcourt & Harmon, 1993). Despite women's confidence in their abilities to manage multiple roles, they still tend to pursue more traditionally female-dominated occupations with lower levels of pay thus emphasizing the complexity of women's career choices (Hackett, 1995; Tajlili, 2014).

Assessment of self-efficacy. The field of self-efficacy as it applies to career development has expanded to include career development among specific groups and disciplines including African American populations, students majoring in mathematics, female undergraduate students studying engineering (Betz & Hackett, 2006; Gainor, 2006; Marra et al., 2009; Marra, Schuurman, Moore, & Bogue, 2005). As a result, a number of assessment tools have been created to address career content and career processes.

The first empirical research study to apply self-efficacy to career development established a tool to measure self-efficacy in terms of educational and job requirements (Betz & Hackett, 1981). The 20-item instrument included well-known occupations that were traditionally chosen by females (such as elementary teacher, social worker, and physical therapist) or occupations that were traditionally chosen by males (such as engineer, lawyer, and accountant). The scale was designed to understand if women's underrepresentation in male-dominated fields could be attributed to low self-efficacy (Betz & Hackett, 1981).

One of the most widely utilized self-efficacy scales is known as the Career Decision-Making Self-Efficacy Scale (CDMSE) (Taylor & Betz, 1983). The instrument was designed to measure an individual's self-efficacy toward career decision-making. The 50-item instrument asks respondents to address behaviors related to self-appraisal, gathering occupational information, goal selection, making plans for the future, and problem solving on a 10-point scale ranging from nine (complete confidence) to zero (no confidence). Additionally, a shorter 25-item form was created for use in career counseling.

Self-efficacy assessments have been created to measure efficacy among different populations in various content areas and various process areas (Gainor, 2006). For instance, Betz and Hackett (1983) created the first instrument to measure self-efficacy expectations in mathematics, called the Mathematics Self-Efficacy Survey. The tool measured an individual's self-efficacy in math as it pertained to everyday math tasks (i.e. balancing a checkbook, mentally tallying a grocery receipt), math courses, and math problems. Gainor and Lent (1998) studied the academic choice intentions of African American college students using modified and existing versions of self-efficacy instruments.

As evidenced above, measurement of self-efficacy has gained significant attention over the last several decades. Tools have been developed to measure self-efficacy in career development across various different disciplines and among specific groups of individuals.

Appeal of Nonprofit Organizations for Women

Women seeking employment and volunteer opportunities are often drawn to the nonprofit sector (Leete, 2006; Preston & Sacks, 2010; Themudo, 2009). The sector may be particularly appealing to women because there are greater skill development opportunities and less repetitive work than in the for-profit sector (Preston, 1990; Gibelman, 2000). Mastracci and Herring (2010) studied for-profit and nonprofit organizations and found data suggesting that nonprofit organizations are more likely to employ women in full-time, key, mission-specific roles.

Additionally, nonprofit organizations often provide employees greater flexibility. While pay may be constrained by a number of variables, nonprofit employers can offer non-monetary incentive such as flexible work hours and more time off to promote a work-life balance (Mirvis & Hackett, 1983; Preston, 1990). Flexibility may appeal more to women who are more likely to bear the family's caregiving responsibilities. Thus, for many women, working in the nonprofit sector may be more attractive than corporate sector employment (Preston, 1990). These levels of opportunity, engagement, and flexibility attract marginalized populations such as women to nonprofit work (Gibelman, 2000).

Increases in Educational Attainment

Undeniably women have made progress in society. As Kulow (2013) notes, after Title IX of the Education Amendments of 1972 which banned discrimination in education, women's levels of educational attainment have surpassed those of men. To illustrate this point, Leutwiler and Kleiner (2013) note that in 1970, women represented 43% of graduates with a bachelor's

degree and 39% of all master's degrees. Within three decades, those percentages grew to 57% and 58% percent, respectively. Currently, women earn more bachelor's degrees (57.2%), master's degrees (60.3%), and doctoral degrees (51.7%) than their male counterparts (Aud et al., 2012).

Rise in Workforce Participation

Historically, a division of labor has been at the root of men's and women's gender-specific roles as men generally belonged in a workplace, while the home and kitchen were considered to be a woman's domain (Mercier, 2012). Dating back before colonial times, women's work has been perceived as less valuable than men's work. Women's work was largely conducted inside of the home and required little perceived skill, education, or training (Lindgren, 2005). Later, when more women did work outside of the home their income was considered supplemental as families were dependent on men to earn sustaining wages (Kulow, 2013).

These patterns persisted until after World War II when the advent of labor-saving devices and birth control made it possible for women to more efficiently manage the home and, consequently, enabled them to enter the workforce (Walsh, 1989). Between 1950 and 1990, women entered the United States workforce in droves (Lindgren, 2005). In fact, Kulow (2013) described this period as an "unprecedented feminization of the workplace" (p. 391). In 1950, slightly more than one-quarter of women (28%) worked outside of the home and only half of those women worked full time. By 1990 over 57% of women worked outside the home and 70% of them were full time employees (Lindgren, 2005). Until this time women rarely headed households and, consequently, men continued to be compensated with higher wages and benefits (Lindgren, 2005). As a result of changing social norms, such as decreases in intergenerational

cohabitation and rising divorce rates (Merchant, Gratton & Gutmann, 2012), families increasingly began to rely on women's wages to make ends meet.

Women in Leadership Positions

Women's penetration into leadership positions in the workforce has been slow. Women accounted for 14% of the top management positions in the United States in 2010 (Hausmann, Tyson, & Zahidi, 2010). Matsa and Miller (2011) examined 1,500 companies from the Standard and Poor's ExecuComp data set over a five-year period and found substantial growth in women's share of board seats and chief executive positions. Furthermore, a recent study found women's ambition for leadership parallels men's. A survey of executives at global companies by Devillard, Sancier-Sultan, and Werner (2014) found that 79% of all mid- or senior-level women wished to reach top management, compared with 81% of men.

The Wage Gap in the Nonprofit Sector

While women's progress should be celebrated, it is evident more must be done before society can achieve pay parity between men and women. Despite progress and legislative action, gender pay equity in the workplace remains an issue (Blau & Khan, 2006; Kulow, 2013; Leutwiler & Kliener, 2013). According to the U.S. Census Bureau (2013), women earned \$0.77 for every \$1 a man earned in 2013. The gap has remained virtually unchanged over the last decade (Seger, 2012). Similarly, Kulow (2013) found that progress toward closing the wage gap has stalled. Blau and Kahn (2006) suggest the slower convergence of the wage gap may be contributed to women's faster progress in the 1980s than in subsequent decades. For instance, in the 1980s there was both a greater supply of and demand for newly educated, professionally qualified women. However, that level of supply and demand has stabilized (Kulow, 2013). Additionally, Blau and Khan (2006) have posited that the slowdown in the wage convergence

might actually be deterring women from joining the labor force. Yet, women's participation in the workforce is critical, particularly during times of economic recession. During the United States Great Recession of 2007-2009, unemployment rates for men rose more significantly than unemployment rates for women (Starr, 2014). As a result, women's wages were necessary and essential for families' financial stability (Starr, 2014.)

The Importance of Equitable Pay

Without equitable pay, women have fewer resources to support themselves and their families. In fact, Corbett and Hill (2012) analyzed compensation levels among college graduates and found that a woman who graduates from college today will earn \$700,000 less over her lifetime than a man graduating at the same time (Corbett & Hill, 2012). Just one year after college graduation, women's compensation was 18% lower than male peers. Ten years after graduation, women's wages were an average 31% lower than their male counterparts' wages. Wage inequity does not just impact women. It impacts entire families because families are increasingly relying on women's wages to achieve economic stability (U.S. Senate Joint Economic Committee, 2010). This was especially true during the recent economic recession, as research has found that men's labor outcomes are more responsive to economic shifts (Marchand & Olfert, 2013). In other words, men tend to gain more earnings in upturns, but they lose more earnings in downturns. Thus, because women's wages are lower, and consequently less variable, they are especially vital during economic instability.

In typical dual-headed households, women's incomes represented 36% of total family income in 2008, up from 29% in 1983 (*The Simple Truth*, 2014). Pay inequity is even more problematic for the nearly half of the nation's women who live without financial support from a spouse, many single mothers (Dey & Hill, 2012). Thus, the gender wage gap can contribute to

poor living conditions, poor nutrition, and fewer opportunities for women and their children (U.S. Senate Joint Economic Committee, 2010).

Women play a critical role in this sector. Ensuring this population is paid fairly and equitably will benefit every citizen who believes food banks, animal shelters, art museums, and after-school programs should continue to exist. As the American Association of University Women notes, closing the wage gap is more than a point of pride. It is about ensuring women, children, families, and communities are resourced fairly. Thus, given the negative impact on society it is important to understand the gender wage gap and the characteristics which may influence the wage gap in the social justice sector.

Statement of the Problem

While women play a vital role in the nonprofit sector, nonprofit theory has largely failed to consider this role (Themudo, 2009). Gibelman (2000) indicates that even though the glass ceiling has been discussed frequently in the for-profit and government sectors, there has been little literature devoted to its existence in the nonprofit sector. Furthermore, much of the literature that exists around this topic was written nearly 20 years ago. However, additional research should be focused on the nonprofit sector as it represents many of the aforementioned variables used to justify the wage gap. The nonprofit sector is dominated by women (Powell & Steinberg, 2006; Preston & Sacks, 2010), many of whom are highly educated (*Wage and Benefit Survey*, 2012). Yet, women in nonprofit organizations lack the opportunity for advancement and leadership (Guidestar, 2010; Joslyn, 2009).

While women represent the majority of the nonprofit sector (Conry & McDonald, 1994; Themudo, 2009), they are inequitably compensated (Gibelman, 2000). Because the nonprofit sector ensures quality of life for all citizens as it provides critical services that cannot or will not

be provided by either the for-profit or public sectors (Davies, 2011). If inequitable wages were to cause women to leave nonprofit work, safety net services such as food banks and homeless shelters and enrichment opportunities such as symphonies, museums, and after-school programs might be threatened. Thus, it is of particular interest to study the wage gap in the nonprofit sector.

Research Questions

The purpose of this study is to investigate the wage inequity in nonprofit organizations in southwestern Pennsylvania. The study seeks to answer the follow questions:

RQ1: What is the relationship between organizational characteristics (including number of employees, budget size, the board of director's composition, and type of organization) and executive compensation in nonprofit organizations in southwestern Pennsylvania?

RQ2: What is the relationship between demographic characteristics of executives (including field of study, educational attainment, gender, and previous work experience) and executive compensation in nonprofit organizations in southwestern Pennsylvania?

RQ3: Can organizational or demographic variables be used to predict executive compensation?

RQ4: What is the relationship between the self-efficacy ratings, as measured by the General Perceived Self-Efficacy Scale, of nonprofit female executives in southwestern Pennsylvania and their compensation?

Significance of the Study

Growth of the Nonprofit Sector

As the number of women in the workforce grew so did the size of the nonprofit sector. After the American Revolution, the Church of England no longer supported the libraries,

orphanages, and homes for the elderly in the former colonies. Consequently, these institutions had to establish themselves as nongovernmental private associations in order to receive individual donations (Hammack, 2001). This was the advent of the nonprofit sector in America.

In the 1930s, there was a boom in the number of formal nonprofit organizations, due in part to big government spending (Burke, 2001). Hammack (2001) documented another major expansion of nonprofit activity beginning around 1960, when individuals, many of whom had been marginalized previously, including women and racial minorities, “gained greater rights to associate and organize” (p. 159). At the same time the government was providing additional funding to nonprofit organizations, personal incomes were growing, enabling the consumption of more educational, cultural and social services (Hammack, 2001).

For centuries, nonprofit organizations have played a vital role in supporting and promoting quality of life through the delivery of services (such as food, shelter, health care, and education); the provision of cultural amenities (such as museums, theaters, dance, and music); and the promotion of learning (such as literacy programs, schools for students with special needs, research institutions) (Boris, 2012). The growth of the sector suggests that nonprofit organizations not only enhance the nation’s quality of life, but are also an increasingly important part of the nation’s economic engine.

Historical data on the number of nonprofits is scarce and even more recent data is somewhat spotty and inadequate (Burke, 2001; Salamon, 2012). However, the latest iteration of the Urban Institute’s *Nonprofit Almanac* (2012) suggests there are an estimated 1.5 million nonprofits operating in the United States. That translates to one nonprofit organization per every 175 Americans (Roeger, Blackwood, & Pettijohn, 2012). In 2010, nonprofits employed 13.7 million individuals, or approximately 10% of the country's workforce. As a result, nonprofit

employees account for 9.2% (or \$587 billion) of wages and benefits paid in the United States during that year (*Quick Facts about Nonprofits*, n.d.; Roeger et al., 2012). The nonprofit sector's impact can also be measured by organizations' total revenues, which measured over \$1.7 trillion in 2007 (Salamon, 2012). Additionally, the sector continued to grow despite national economic instability and high unemployment levels (Roeger et al., 2012).

Methodology

The methodology used in this study is mixed including a quantitative analysis and a follow-up survey. In order to do this, the researcher accessed existing data and also generated primary data. To answer RQ1 and RQ2 the researcher accessed data from the National Center for Charitable Statistics (NCCS). NCCS maintains a list of all registered nonprofit organizations by county. To enhance generalizability and representation, a stratified sample of organizations was selected to study.

The Internal Revenue Service (IRS) also provides access to data that enabled the researcher to answer RQ1 and RQ2. Every nonprofit organization with a budget in excess of \$25,000 is required to complete and file a Form 990 with the IRS. These forms are available to the public and can be accessed at no cost at www.guidestar.com. Among the information that should be reported on the Form 990 is the executive employee's compensation and name. Therefore, the researcher was able to ascertain compensation levels and gender via the Form 990 for each of the sampled organizations. Additionally, a questionnaire was administered to every executive in the sample (See Appendix A). The respondents were asked to provide data about their organization and professional background.

For RQ1 and RQ2, the executives' organizational and demographic characteristics served as the independent variables. Compensation was the dependent variable. Using the data

obtained from the Form 990s, a series of statistical tests were used to determine which variables are related to executive compensation.

The third research question sought to understand if organizational and demographic characteristics can predict executive compensation. In order to address this question, descriptive and inferential statistics were used to analyze the data.

Finally, for RQ4, the executives' self-efficacy ratings served as the independent variable. Compensation was the dependent variable. A series of statistical tests were used to determine if self-efficacy impacts executive compensation.

Limitations and Delimitations

There are several limitations associated with study. First, this study assumed that the information reported on the Form 990 forms was truthful and accurate. The IRS carefully defines requirements for reporting compensation and other compensation on the Form 990; therefore, it is assumed the numbers reported are analogous across the sample. Second, this study assumed that nonprofit executives who chose to participate in the study were open, accurate, and forthright with their information. Third, organizations are only required to disclose executives' salaries in excess of \$100,000. Although some organizations will disclose compensation regardless of the threshold, it is likely that very few organizations with small budgets will disclose the executives' compensation. Thus, it was more difficult to get representation from this group. Finally, while the researcher was comparing compensation for female executives and male executives, research suggests that male executives were more prevalent in large organizations and female executives were more prevalent in small organizations. This may skew the results.

There are also several delimitations associated with this study, although whenever possible, the researcher attempted to minimize these. First, this study was restricted to organizations in southwestern Pennsylvania. This region was chosen for several reasons: the researcher is familiar with this region and there is a dense concentration of nonprofit organizations in this region. Since the study is limited to this region the results may not be generalizable beyond the specific population from which the sample was drawn. Second, this study eliminated hospitals and institutions of higher education. These organizations have regulatory bodies and extremely large budgets; thus, the results would not be representative of the larger nonprofit sector.

Definition of Terms

The following is a list of important terms used throughout this study.

form 990: an annual reporting return that certain federally tax-exempt organizations must file with the IRS. It provides information on the filing organization's mission, programs, and finances (Guidestar, 2014). Organizations with gross receipts $\leq$ \$50,000 file a 990-N. Organizations with gross receipts $<$ \$200,000, and total assets $<$ \$500,000 file a 990-EZ. Organizations with gross receipts $\geq$ \$200,000, or total assets $\geq$ \$500,000 file a 990.

nonprofit board of directors: the highest policy-making and administrative (volunteer) unit in a nonprofit organization (Smith, Stebbins & Dover, 2006).

nonprofit organization: organization that is organized and operated exclusively for exempt purposes (charitable, religious, educational, scientific, literary, testing for public safety, fostering national or international amateur sports competition, and preventing cruelty to children or animals). None of the organization's earnings may inure to any private shareholder or individual (IRS, 2014).

southwestern Pennsylvania: although there are various definitions, for the purposes of this study, southwestern Pennsylvania contains the 10 counties presided over by the Southwest Pennsylvania Commission including: Allegheny, Armstrong, Beaver, Butler, Fayette, Greene, Indiana, Lawrence, Washington, and Westmoreland counties.

Summary

While some have suggested that women's personal and professional choices are at the center of the gender wage gap, the facts point to likely gender discrimination. Women's lower levels of career self-efficacy may contribute to the problem by inhibiting and limiting perceived career choices, regardless of actual aptitudes and capabilities. As a result, women tend to fill lower-paying, lower prestige, female-gendered occupations. Yet, women's wages are vitally important, especially in a nation that is often subjected to economic and familial instability. The gender wage gap has persisted in light of women's advances in educational attainment, rise in workforce participation, and greater access to leadership positions. This is true across all sectors, including the nonprofit sector. The nonprofit sector has been largely sustained by women, but despite women's critical role, their inequitable compensation has been largely ignored. The sector's tremendous growth and economic impact suggests that society should be concerned that women are paid fairly.

Chapter two presents a review of relevant literature related to wage inequity in the nonprofit sectors. Chapter two addresses women's employment history, the history of the nonprofit sector, women's compensation, reasons the wage gap exists, and the impact of legislation on women's wages.

Chapter II - Review of Literature

Introduction

This chapter explores how the rise of in the workforce has mirrored the growth of the nonprofit sector. Additionally, the review of literature includes the role women have played in the growth and development of the nonprofit sector. Compensation practices in both the for-profit and nonprofit fields, as well as the wage gap between men and women in each sector are detailed. The often-cited reasons for the wage gap is also addressed including, the impact of women's choices regarding: (1) working in gendered occupations such as education and nursing, (2) taking time out of the workforce to care for family members, (3) achieving lesser levels of education, and (4) avoiding leadership positions. The impact of low self-efficacy expectations on career aspirations for women is discussed relative to the persistent disadvantaged position of women in the workforce. Finally, the impact of protective legislation on women's wage equity in the workplace is addressed.

The Rise of Women in the Workforce

The wage gap stems from the notion that women's work was considered to be less valuable and secondary to men's work. This perception existed because traditional women's work such as cooking, cleaning, sewing, and caring for children, was largely conducted inside of the home (Lindgren, 2005). Most of this work required little education or training and was perceived to be less valuable than men's work (Lindgren, 2005). Women's work was rarely compensated in Colonial and Revolutionary America because it was the man's responsibility to earn family-sustaining wages (Kulow, 2013). In fact, it was culturally acceptable for an employer to determine wages based on the financial needs of the family, so that single or

childless men were paid less than married men or men with children (Kulow, 2013). Thus, women's wages were viewed to be purely supplemental to a man's wage.

In the unusual instances women did earn wages, those wages had to be turned over to their father or husband, since women were not legally allowed to own property (Jones, 2014). However, the women's rights movement played a pivotal role in a campaign to overturn the common law by which "marriage essentially resulted in a woman's civil death." (Married Women's Property Acts, 2013, p. 1). By 1839, each state passed a version of the Married Women's Property Acts (Jones, 2014). Although the laws varied by state, women were granted the rights to own, buy, and sell property, to sign contracts, to sue and be sued, to enjoy the profits of their labor, and be joint guardians of their children (Married Women's Property Acts, 2014). While these laws were not intended to equalize married women's status to their husbands, they did provide women with additional, but still limited, opportunities. By the turn of the 19th century, women were working in fields that were extensions of their domestic work. For example, women were employed as teachers, seamstresses, childcare attendants for wealthier women, and keepers of boarding houses (Mandal, 2010).

A century later, as settlers flooded industrial America, more women began to enter full-time employment. Immigrant women infiltrated low-paying factory jobs in order to support the family's income (Clark, 2011). Since these jobs were considered unskilled, low pay continued to plague working women (Lindgren, 2005). These patterns persisted until the 1950s when the advent of birth control and labor-saving devices made it possible for women to more efficiently manage the home and, consequently, enabled them to enter the workforce (Walsh, 1989).

The growth of women in the workforce can be attributed to several societal shifts including the impact of: (1) women's increased political participation after the passage of the

Nineteenth Amendment, the act gave women the right to vote, (2) World War II when women filled factory jobs vacated by men who joined the armed forces, (3) President John F. Kennedy's 1961 Commission on the Status of Women which sparked the equal pay movement, and (4) the advent of Title IX of the Education Act Amendments of 1972 which provided women greater access in educational settings (Clark, 2011; U.S. Department of Education, 1997). Each of these variables had a significant impact on women's entrance and advancement in the workplace.

Between 1950 and 1990, more economic opportunities arose and women entered the United States workforce in droves (Lindgren, 2005; Clark, 2011). In fact women's growth in the workforce was so substantial that Kulow (2013) described this period as an "unprecedented feminization of the workplace" (p. 391). In 1950, more than one-quarter of women (28%) worked outside of the home but only half of those women worked full time. By 1990 over 57% of women worked outside the home and 70% of them were full time employees (Lindgren, 2005). Until this time women rarely headed households and, consequently, men continued to be compensated with higher wages and benefits (Lindgren, 2005). In fact, women were often viewed as transient employees who were only working until marriage or children (Mandal, 2010).

Women working outside the home continued to fill positions with less prestige, pay, and opportunity for advancement through the 1960s and 1970s (Gittell, 2009; Walsh, 1989). However, by the 1960s, women began to advocate for improved economic rights (Clark, 2011). As cited above, in 1961 President Kennedy established the President's Commission on the Status of Women. The Commission found that women were paid less than men in similar jobs, and thus, the equal pay movement began (Clark, 2011).

The Importance of Women's Wages

As a result of modern technology, equal opportunity laws, and the feminist movement, women have become a sizeable portion of the workforce. In fact, women represent half (50.8%) of the United States' population (U.S. Census Bureau, 2015) and, similarly, data show that women hold nearly half (49.1%) of jobs in the United States (Rampell, 2009).

This growth of women in the workforce suggests that women's earnings play an important role in providing for families. For instance, in 2008, women's incomes represented more than one-third (36%) of total family income, up from 29% in 1983 (U.S. Senate Joint Economic Committee, 2010). Therefore, wage inequity does not just impact women; it impacts entire families as families are increasingly relying on women's wages to achieve financial stability (U.S. Senate Joint Economic Committee, 2010).

This is particularly true in times of economic turmoil. For instance, during the Great Recession families relied on women's employment, as male-dominated fields such as manufacturing and construction were particularly vulnerable to job loss (U.S. Senate Joint Economic Committee, 2010). Additionally, during economic instability, men's earnings tend to be more responsive to economic shifts (Marchand & Olfert, 2013). Men tend to gain more earnings in upturns, but they lose more earnings in downturns. As a consequence, women actually increased their labor force participation over the recession to stabilize family incomes (U.S. Senate Joint Economic Committee, 2010).

Pay inequity is especially difficult for nearly half of the nation's women who live without financial support from a spouse, either because their spouse is out of the labor force or because they are heads of household (Dey & Hill, 2007; U.S. Senate Joint Economic Committee, 2010). The latter is an increasing trend, as female-headed households comprised 25% (9.8 million

families) of all families with children in 2009, up from 20% (or 6.6 million families) in 1983 (U.S. Senate Joint Economic Committee, 2010).

Yet, despite the importance and reliance on women's wages, most professional women are still paid less than their male counterparts and are under-represented in positions of leadership (Clark, 2011). Clearly, many of the aforementioned cultural mores continue to plague working women and undermine efforts to achieve parity (Kulow, 2013).

The Gender Wage Gap: A Global Trend

It should be noted that the gender wage gap is not unique to the United States. In fact, Witkowska (2013) notes that labor market discrimination based on one's gender is an issue that plagues the entire world. As in the United States, the existence of equal treatment employment laws in nearly every industrialized country have not eradicated the stubborn worldwide occurrence of wage inequity (Blau & Khan, 2003). As a result, the gender wage gap has become of interest to national governments, research institutes, and political groups (Witkowska, 2013).

Several studies have examined the wage gap in other parts of the world (Blau & Khan, 2003; Olivetti & Petrongolo, 2008; Witkowska, 2013). However because of dramatic variance in global economic conditions, most studies have been conducted in more developed countries such as those in the European Union and the Organization for Economic Cooperation and Development (OECD). Studies have found that the wage gap varies largely based on many variables including country, age, and education (Blau & Khan, 1996; Blau & Khan, 2003). Yet, it seems consistent across studies of developed nations that the more dissimilar men are from women, the greater the wage gap (Blau & Khan, 2003; Olivetti & Petrongolo, 2008). For instance, if women are less likely to have educational opportunity or participation in unionized

labor, the wage gap will be expansive. Thus, it appears that closing the gender wage gap is a complicated challenge both nationally and abroad.

Growth of the Nonprofit Sector

As the number of women in the workforce grew so did the size of the nonprofit sector. According to Burke (2001), historical data on the number of nonprofits is scarce and even more recent data is somewhat spotty and inadequate. In fact, there is uncertainty on how many nonprofit organizations exist in the United States because many are unincorporated (Hall, 2006). The latest iteration of the Urban Institute's *Nonprofit Almanac* (2012) suggests there are an estimated 1.5 million nonprofits operating in the United States. That translates to one nonprofit organization per every 175 Americans (Roeger et al., 2012). Furthermore, the nonprofit sector continued to grow despite national economic instability and high unemployment levels (Roeger et al., 2012). This inverse pattern is likely a result of the expansion of nonprofit programming to serve those adversely affected by the economic downturn.

Despite the sector's volume and significance in American life, it is largely misunderstood (Salamon, 2012). Salamon (2012) described the nonprofit sector as one that, "has long been the hidden subcontinent on the social landscape of American life, regularly revered but rarely scrutinized or understood" (p. 4). Even the term "nonprofit" is a misunderstood notion, a term originally coined by economists for policy and tax purposes (Hammack, 2001). Contrary to the misnomer, nonprofit organizations are permitted (and even encouraged) to earn profits; however, those profits must be re-invested in the organization's mission and not distributed to any vested individuals (Salamon, 2012).

Formally and technically, nonprofits consist of a broad array of organizations that are exempt from taxation because they serve a public purpose (Wing, Pollack, & Blackwood, 2008).

Included in this definition are nearly all hospitals, universities, theater companies, religious organizations, advocacy and civil rights groups, health, child and human-serving agencies, and foundations (Salamon, 2012). Business associations, unions, and fraternal societies are also included in this sector. However, the public serving agencies referenced previously comprise the largest, and most visible, part of the sector. Also known as charitable organizations, these groups earn their tax-exempt status under section 501(c)(3) of the Internal Revenue Code, which is reserved for organizations that operate with a religious, charitable, scientific, or educational purpose (IRS, 2014).

Much of the sector's employment and economic resources are concentrated in large nonprofit organizations; however, the vast majority of the sector is comprised of small organizations with few or no employees (Salamon, 2012). According to the IRS, only a quarter of the 1.2 million registered organizations filed a Form 990 (required of organizations with \$25,000 or more in expenditures). Thus, it can be assumed that the remaining organizations are either inactive or have less than \$25,000 in annual expenditures. Among the organizations that did file a Form 990, 45% reported less than \$100,000 in expenditures and 75% reported less than \$500,000 in expenditures. While only 4% reported \$10 million or higher in expenditures, that small percentage of organizations represents the vast majority of the sector's total expenditures (Wing et al., 2008).

The History of the Nonprofit Sector

The lack of historical data on the nonprofit sector has challenged historians interested in understanding the political, social, and economic impact of benevolent and voluntary work (Hammack, 2001). According to Hammack (2001), prior to the 20th century, there is very little information about the sector; thus, nonprofit historians have been forced to make generalizations.

Peter Dobkin Hall, a recognized historian of nonprofits and director of Yale's Program on Nonprofit Organizations (PONPO), wrote one of the most comprehensive articles on the history of nonprofit organizations. Hall (2006) notes that early nonprofit, or voluntary, organizations began to appear in urban areas in the mid-1700s. The primary purpose of these organizations was to provide financial assistance to families who were dealing with illness or death. The sector grew considerably after the American Revolution when the Church of England no longer supported the libraries, orphanages, and homes for the elderly in the former colonies. Consequently, these institutions had to establish themselves as nongovernmental private associations in order to receive individual donations (Hammack, 2001).

In the late 1800s and early 1900s, there was a sudden increase in urban populations in the United States (Nank, 2011). The influx of non-English speaking immigrants, declining employment opportunities, and few public services prompted charitable work to become more prevalent and centralized. Additional services focused on improving living conditions through education, safe housing, and the reduction of poverty for those in need residing in densely populated urban areas (Nank, 2011).

For much of the next century, Americans were averse to governmental solutions as many felt government involvement was responsible for societal and economic failings including the stock market crash (Hall, 2006). The successive Great Depression caused a strain on the nonprofit sector as many organizations were forced to close or were unable to meet the increased demand for assistance (Salamon, 2012). However, beginning in the mid to late 1940s there was a boom in the number of formal nonprofit organizations, due in part to big government spending (Burke, 2001). New Deal policies affirmed the importance of voluntary organizations and philanthropy as they depended on nonprofit organizations for policy expertise and the provision

of community services (Hall, 2006). Additionally, federal tax policies were created to encourage financial donations to nonprofit organizations (Hall, 2006). As a consequence of these policies, nearly 200,000 nonprofits were established by 1940 (Hall, 2010). While most of those were faith-based organizations, nonprofit organizations existed to serve a gamut of needs across all populations from universities for the elite, to healthcare for the poor to labor unions for the working class (Hall, 2010).

Between 1939 and 1950, the number of charitable organizations in the country doubled; between 1950 and 1968, the number of charitable organizations in the country increased twenty-fold, from 12,500 to 250,000 (Hall, 2006). Hammack (2001) links this expansion to a time period when individuals, many of whom had been previously marginalized including women and racial minorities, “gained greater rights to associate and organize” (p. 159). At the same time the government was providing additional grant funding to nonprofit organizations, personal incomes were growing, enabling the consumption of more educational, cultural, and social services (Hammack, 2001).

During this time period, government established a reliance on the nonprofit sector to provide important services within communities such health care, education, research, arts, and social services (Hall, 2006; Hammack, 2001). The relationship between government funding for nonprofit service provision is considered to be the most important factor in the growth of the sector (Hall, 2006). Since the early 1980s, a typical nonprofit organization derives approximately a third of its budget from government funds (Hammack, 2001). Funding can be distributed to nonprofit organizations in several ways including through a direct payments (e.g. federal funds provided directly to Head Start programs for preschool children), through voucher programs (e.g. government funds administered through public housing agencies to help families

rent housing on the open market), and through reimbursements (e.g. government funds are directed to a social service provider for delivering job readiness training) (Hammack, 2001).

The sector has continued to steadily grow despite the ebbs and flows of national economic instability. In fact, between 2001 and 2011 the growth rate of the nonprofit sector surpassed the growth rate of both the business and government sectors, increasing 25% from 1,259,764 to 1,574,674 (Roeger et al., 2012). Today, the estimated 1.5 million nonprofit organizations generate more than \$1.7 trillion in revenues (Salamon, 2012), represent approximately 10% of the country's workforce and 5.4% of the nation's gross domestic product (GDP) (Roeger et al., 2012).

Women in the Nonprofit Sector

Because women have largely comprised the nonprofit sector's workforce there is a positive correlation between women in the workforce and the growth of the nonprofit sector (Pynes, 2000). Women are more likely than men to work in the nonprofit sector than in public or for-profit industries (Conry & McDonald, 1994; Themudo, 2009). In fact, women make up about 70% of employees in the nonprofit sector in the United States (Powell & Steinberg, 2006; Preston & Sacks, 2010).

This trend is not surprising as many middle and upper class women historically became involved in charitable work as a way to establish their own identities outside of their traditional roles in the home. For most women, charitable work was their only professional option (McCarthy, 1994). Beginning in the 1920s, philanthropic and activist organizations created an occasion for women to have public and professional opportunities (Mastracci & Herring, 2010). Many of the skills and knowledge used in nonprofits are considered to be an extension of what women already do (Baines, Charlesworth & Cunningham, 2013). For instance, women perform

caregiving, in uncompensated and compensated capacities, in the home and in occupational settings (Baines et al., 2013). According to Themudo (2009), this further diminishes women's value and creates ambiguity between paid and unpaid work. As a result, women have been undervalued for their contributions to improving national welfare.

Compensation

Compensation in the For-Profit Sector

In recent years, the compensation of corporate executives has been the subject of significant attention as scrutiny from the general public has sparked questions of fairness and equity (Shin, 2012). Great variance in executive positions means it is a difficult topic to study and evaluate; however, several studies have demonstrated that executive compensation is discernable and quantifiable, at least in the for-profit sector (Argarwal, 1981; Deckop, 1988; Ely, 1991; Renner, Rives, & Bowlin, 2002). Executive compensation is most commonly defined as direct cash payments, which is annual salary plus bonus (Argarwal, 1981; Deckop, 1988).

Argarwal (1981) found three primary determinants of executive pay in the for-profit sector:

- Job complexity - is a measure of the nature and magnitude of job responsibilities and function. For instance, how many people are supervised; over how many divisions does the executive have direct control; in how many states does the organization conduct business? The study found a significant and positive relationship between the size of the organization and the executive compensation. Additionally, the number of management levels (vertical responsibility) are more closely related to executive compensation than the span of control (direct responsibility). In other

words, taller organizational structures tend to compensate executives more than flatter organizational structure.

- Employer's ability to pay - the greater the ability to pay, the greater the ability to maintain higher wages. In cases of limited availability of executive talent, employers have to pay competitive wages to attract and retain executives (Roberts, 1956). The study found that executive compensation is significantly related to the employer's ability to pay.
- Executive human capital - Factors used to define human capital include educational level, field of study and work experience. Unsurprisingly, the greater the amount of human capital an executive possesses, the greater the ability to fulfill job responsibilities. Argarwal (1981) found that specific work experience (closely aligned with the current position), was a better predictor of executive compensation than external, more general experience.

Together, job complexity, the employer's ability to pay, and the executive's human capital account for almost 80% of the variance in executive compensation (Argarwal, 1981).

Argarwal (1981) demonstrated the importance organizational factors over individual factors as determinants of executive compensation. As a result, many subsequent studies examined how executive compensation is impacted by an organization's performance variables such as profit and market equity (Deckop, 1988; Ely, 1991; Renner et al., 2002). For instance, Renner et al. (2002) concluded that executive compensation is strongly and positively correlated with company performance. Deckop (1988) found that executive compensation was positively related to corporate profit. Additionally, Ely (1991) discovered that executive compensation was correlated with return on equity.

Clearly, the studies cited above present mixed results about which demographic and organizational factors are related to executive compensation. Yet, researchers have consistently found that corporate size is a determinant of executive pay (Deckop, 1988). This is a reasonable finding when considering that an increase in company size typically requires greater executive control and coordination (Argarwal, 1981).

Wage Gap in Executive Compensation in the For-Profit Sector

A large volume of literature has been devoted to studying the gender wage gap in a variety of contexts, but few have systematically analyzed the gender wage gap in executive compensation (Gayle, Golan, & Miller, 2012; Shin, 2012;).

Several studies support the existence of a wage gap in the for-profit sector. For instance, Bell (2005) employed the Standard and Poor's ExecuComp data set to examine executive and firm characteristics of 2,194 unique firms and 25,529 unique executive observations between 1992-2003. The regression results revealed women were paid less than men at equivalent ranks in for-profit organizations. Bell (2005) concluded that, after controlling for differences in company size, occupational title and industry, women executives earned between 8% to 25% less than male executives. The magnitude of the gender pay gap was related to the gender of the executive and the board chair. A female executive and a female board chair resulted in more females in leadership positions and higher levels of pay. Specifically, female executives in women-led corporations earned between 10-20% more than comparable executive women in male-led firms (Bell, 2005).

Another recent study conducted by Shin (2012) noted a similar trend, where there was an inverse relationship between the proportion of women in leadership and the gender wage gap in executive compensation. Shin (2012) chose a sample of 7,711 executives (472 females and

7,239 males) from the Standard and Poor's ExecuComp data set. The regression models revealed that corporations with at least two women on the compensation committee have virtually no gender gap in executive pay (Shin, 2012). These findings provide evidence that the composition of the board may also be an important determinant for executive compensation in the for-profit sector.

Yet, several studies challenge the research that suggests gender is a determinant of executive pay in the for-profit sector. For instance, a study by Renner et al. (2002) found that while variations in annual pay among senior men and women in large for-profit companies could be explained by company performance, company size, industrial sector, and executive responsibility, the executive's gender did not impact compensation. The study compared companies with women among five highest paid executives and companies without women among the five highest paid executives. A regression model was developed to determine the factors that account for variations in executive pay. Based on Renner et al.'s (2002) analysis, it appeared that the few women in the study who were able to break through the glass were paid comparably to their male peers.

Bertrand and Hallock (2001) examined Standard and Poor's ExecuComp data set which contained details of compensation, individual demographic, and firm characteristics for more than 46,000 high-level managers during the years 1992 and 1997. Descriptive and regression analyses revealed that female executives were paid 45% less than male executives, but a large part of this gap was explained by organizational and individual characteristics (Bertrand & Hallock, 2001). For instance, female executives tended to manage smaller organizations, were younger, and had lower seniority in the companies (Bertrand & Hallock, 2001).

Confirming Bertrand and Hallock's findings, Albanesi and Olivetti (2008) concluded that a portion of the executive gender wage gap could be explained by observables such as age and tenure. Using a sample of 139,680 of the highest-paid executives from Standard and Poor's ExecuComp data set, the researchers found that incentive pay can account for most of the differential in males' and females' compensation. Female executives received less incentive pay and had lower pay-performance sensitivity. Specifically, a one million dollar increase in value generated an additional seventy dollars in a male executive's compensation, but only twenty-eight dollars in a female executive's compensation. Thus, women's compensation was more sensitive to bad performance and less sensitive to good performance (Albanesi & Olivetti, 2008).

Comparisons between For-Profit and Nonprofit Executive Compensation

A significant amount of literature has focused on compensation in the for-profit sector. However, there is very little empirical research on the determinants of executive pay in the nonprofit sector (Grasse, Davis, & Ihrke, 2014; Hallock, 2002; Herzlinger, 1994; Oster, 1998). Furthermore, the limited research that has been conducted on compensation in the sector has focused on nonprofit pay, in general, or in specific subsectors (Hallock, 2002; Oster, 1998; Preston, 1990). As the sector has grown and more organizations have been awarded a tax-exempt status, so has the scrutiny of government regulations and attention to executive compensation (Valentinov, 2011). Therefore, nonprofits have to increasingly demonstrate the appropriate and responsible use of funds (Tebo, 2004), including how they compensate executives. Clearly, there is a strong need to add to the minimal research in this area given the growth and magnitude of the nonprofit sector and public perceptions regarding levels of executive pay.

Yet, studying executive compensation in the nonprofit sector poses additional challenges. Many studies on compensation have looked at organizational performance variables such as sales, shareholder value, and market equity. These measures are not applicable in the nonprofit sector (Deckop, 1998). While for-profit organizations can employ various measures to assess executive performance, nonprofit organizations must fulfill a social mission in which ideal information on performance is often not easily quantified (Hallock, 2002; Meyer & Gupta, 1994). For instance, the exact metrics that should be used to assess an organization whose mission is to reduce poverty are not known. Even calculating the number of people served or the number of dollars spent falls short of measuring the organization's impact on individual's lives and overall rates of poverty. Hallock (2002) also points out that for-profit organizations have to fulfill one mission of maximizing shareholder value, whereas, nonprofit organizations have a myriad of potential missions such as eradicating homelessness, providing shelter and safety of victims of domestic abuse, or collecting and exhibiting works of art.

In fact, the nonprofit sector can be distinguished from the for-profit sector based on two central tenets. First, the bottom-line is not created to generate return to stakeholders, but to fulfill a mission in response to a variety of stakeholders, including donors, clients, and the tax-paying public at large (Hansmann, 1996; Oster, 1998). Second, there is a non-distribution constraint which forbids profits from being distributed to those with formal control over the organization (Hansmann, 1996). This limits a nonprofit's compensation practices as well as the forms of compensation that can be offered to executives (Mesch & Rooney, 2008). While a nonprofit organization can still generate a surplus, all profits must be reinvested in the organization in support of the mission and not awarded to an executive (Hansmann, 1996).

Despite the differences between the for-profit and nonprofit sector, researchers believe that extending for-profit insights to the nonprofit sector can enlighten and shape nonprofit compensation (Galle & Walker, 2014). Gray and Benson (2003) support this notion indicating that for-profit executive compensation studies are likely to have relevance for understanding nonprofit pay. This may be true as both types of leaders are visible and central to their organization and both for-profit and nonprofit organizations face scrutiny from the federal government (Hallock, 2002).

Compensation in the Nonprofit Sector

Like in the for-profit sector, setting a nonprofit executive's salary is riddled with challenges. Both sectors are facing increased scrutiny over executive pay (Mesch & Rooney, 2008). For executives at the nation's largest nonprofits, salaries rose by twice the inflation rate (Schwinn & Wilhelm, 2003). In fact, nonprofit executive salaries at the largest organizations and foundations more than doubled between 1997 to 2002 (Schwinn & Wilhelm, 2003).

Boards of directors, who are responsible for setting the executive's salary, must balance the need to attract and retain high-quality executive talent and the pressure appear as though they are not excessively diverting organizational resources to an executive (Oster, 1998). This tension was partially addressed by the Taxpayer Bill of Rights 2, which requires organizations to document how much they pay their top executives. Additionally, boards of directors must justify and outline the compensation determination process (Preston, 2004). Boards of directors can be held accountable if compensation is determined to be excessive, or higher than those found in similar organizations. The IRS can also impose sanctions and penalties on organizations with excessively compensated executives (Tax Payer Bill of Rights, 1996).

While nonprofit boards of directors have long been aware that high levels of executive compensation may be perceived as fraudulent or wasteful, it may also reduce donations and demand for services (Oster, 1998). Nevertheless, organizations must be cognizant of the potential negative consequences of setting pay levels so low that they are unable to attract and retain qualified executives (Grasse et al., 2014). As Leonard Pfeifer, an executive recruiter with Korn-Ferry said, boards of directors “are nervous that raising salaries could tarnish a group’s public image but the counter argument is that we really need to get somebody in here who knows what they’re doing” (Gray, 1995, p. 33).

Despite the tensions and increased federal scrutiny, the dominant view in the literature is that excessive executive compensation is not prevalent in the nonprofit sector (Galle & Walker, 2014). Nonprofit executives are typically not overpaid because boards of directors tend to be effective at monitoring and limiting any excessive compensation (Jegers, 2008). Perhaps another reason excessive compensation is rare in the nonprofit sector is because of self-selection. Research has found that ideological alignment with the organization’s mission can constrain salaries (Jegers, 2008). In other words, executives typically know compensation is lower at nonprofits; therefore, the type of people who choose to work in the sector tend to be more motivated by mission and less motivated by money.

This is consistent with other findings suggesting that nonprofit executives are more intrinsically motivated and less concerned with personal compensation. For instance, Mirvis and Hackett (1983) found nonprofit executives were more concerned about work conditions and ideology than they were about wages. Similarly, nonprofit workers may accept lower wages in exchange for more pleasant working conditions, such as flexible hours or greater job security (Hallock, 2002). Preston (1990) posited that the statistically significant wage differential

between for-profit and nonprofit managers was the result of nonprofit executives donating their wages by accepting a lower salary than they could command in the for-profit sector. This notion was recently corroborated in another study that found labor donations were higher in industries with a greater percentage of nonprofit organizations (Faulk et al., 2013).

Given the non-distribution constraint and the reasons described above, nonprofit organizations are also less likely to use bonus and pay-related incentives (Roomkin & Weisbrod, 1999; Hallock, 2002), in part because extrinsic motivation through pay incentives conflicts with the self-selection theory that more altruistic and ideological individuals are attracted to the nonprofit sector (Faulk et al., 2013). There is no legal impediment prohibiting nonprofit organizations from offering incentive pay based on performance so long as it is not tied to the operating surplus (Barragato, 2002). Yet, performance pay is seldom employed in the nonprofit sector (Oster, 1998) and organizations rely on other determinants for executive compensation.

Determinants of Nonprofit Executive Compensation

Replicating methods applied to studying for-profit executive compensation, several researchers have studied how various nonprofit indicators such as total expenditures, assets, funding sources, and number of employees impact executive compensation (Oster, 1998; Hallock, 2002; Galle & Walker, 2014). As in the for-profit sector, organizational size appears to be the strongest predictor of executive compensation (Galle & Walker, 2014; Grasse et al., 2014; Oster, 1998). Although weaker in the nonprofit sector, there is still a strong and positive correlation between organizational assets and executive compensation (Hallock, 2002). Argarwal (1981) noted that the larger an organization is, the greater the organization's complexity; thus, an executive needs to employ more sophisticated managerial skills than executives who manage smaller, less complex organizations. In other words, higher

compensation to executives of large organizations is reasonable, as they are required to manage more people and resources (Grasse et al., 2014).

While organizational size is an important predictor, it does not fully explain executive pay (Hallock, 2002). As a result, other research has been conducted in an attempt to further explain executive compensation in the sector. Other studies have found that the segmentation of the nonprofit sector has a strong influence on executive compensation (Galle & Walker, 2014; Hallock, 2002; Oster, 1998). For instance, many corporate executives have general managerial knowledge and experience; however, in the nonprofit sector, executives are more likely to have previous professional experience specific to their organization: hospitals are run by doctors, art museums are run by historians, and educational programs are run by teachers (Oster, 1998).

This notion results in a segmented labor market. Hallock (2002) also found substantial variation in the nonprofit sector, where executives in medical research had the highest levels of compensation and benefits. Health and general rehabilitation executives had the second highest average compensation packages, while the compensation and benefits for executives in religion and housing and shelter, were less than half of those in the health fields. Oster (1998) also found that hospital executives earned the highest wage and executives of social services earned the lowest average wages. Thus, the nonprofit subsector in which an executive works can be an indicator of compensation.

Several other studies have found relationships between an individual's demographic variables and organizational variables and nonprofit compensation. Oster (1998) found that organizations that derive most of their funds from fees for service such as hospitals and educational institutions have greater discretion setting executive compensation.

Grasse et al. (2014) also found a significant and positive association between compensation and contributions; however, the magnitude was negligible. For every \$1,000 of contributions, there was a \$4.30 increase in director pay. This contradicts Oster's (1998) finding that there is an inverse correlation between executive compensation and the percentage of budget derived from private and individual donations (Oster, 1998). Hansmann (1996) also noted a similar phenomenon and suggested nonprofit executives may take lower wages to signal effective use of contributed support.

Wage Gap in Executive Compensation in the Nonprofit Sector

In the for-profit sector, the wage gap in executive compensation has received minimal attention; in the nonprofit sector, the topic has received even less attention. Few studies have suggested that gender does not have an affect on compensation (Oster, 1998; Preston, 1990); however, other research contradicts these findings. For instance, one study found several individual level variables were significantly correlated with pay including race, experience, and gender (Werner, Konopaske, & Gemeinhardt, 2000). Gibelman's (2000) work supported the notion of a glass ceiling in the nonprofit sector as men are disproportionately represented upper levels of management while women are disproportionately represented at the direct-service and lower management levels. In addition, gender is an important variable in salary determination as men earn higher salaries than women at all organizational levels (Gibelman, 2000). Similarly, DiMento (2011) found the median compensation for female nonprofit executives was lower than for male nonprofit executives; however, the size of the wage differential was related to the size of the organization. For instance, in organizations with a budget of \$50 million or more, the gap was over 26.4%; yet, in organizations with a budget of 250,000 to 500,000, the gap was 13.4% (DiMento, 2011).

Gray and Benson (2003) also noted the existence of a gender wage gap in the nonprofit sector. The study found that female executives earn significantly less than their male colleagues even after controlling for education, tenure, size, performance, and affiliation. This gap was surprising as most of the organizations sampled for the study had a policy of pay equity (Gray & Benson, 2003).

As indicated by the research cited above there have been contradictory and limited exploration of the wage gap among nonprofit executives. Given the rapid growth of the sector, the increased scrutiny of executive pay, and the number of women employed by nonprofits, research with a greater focus on women's compensation in this industry is necessary and warranted.

Wage Inequity in the United States

While many studies support the existence of a gender wage gap, researchers disagree about the reasons why it exists (Reese & Warner, 2011). A report by the American Association of University Women, *The Simple Truth about the Gender Pay Gap* (2014) cites that critics of the wage gap believe women's choices are the source of pay inequity. Women's choices include (1) the type of occupation women choose, (2) women's time out of the workforce to bear and raise children, (3) women's levels of educational attainment, and (4) women's lack of leadership ambition (Faulk et al., 2013; Kulow, 2013; Reese & Warner, 2011; Themudo, 2009).

Gendered Occupations

When attempting to explain the gender wage gap, many researchers have focused on job-related factors. In particular, there has been careful examination of gendered occupations (Feder & Levine, 2010). A gendered occupation refers to the clustering of women and men into

occupational groups, in terms of type of job performed or in terms of industry (Feder & Levine, 2010).

Research suggests that gender segregation is an important variable in the wage gap (Blau & Kahn, 2006; Dey & Hill, 2007; Feder & Levine, 2010; Leutwiler & Kleiner, 2013). In other words, women are more likely to go into fields which pay less thus contributing to a pay differential (Blau & Kahn, 2006). Corroborating this, a recent study found the percentage of females in an occupation negatively correlates with earnings (Faulk et al., 2013).

Even though more women are attaining higher levels of education, they are getting degrees in fields with pay lower wages such as administrative work, education, health, and nursing. Conversely, men are dominating higher paying fields like engineering, medicine, law, and mathematics (Dey & Hill, 2007; Leutwiler & Kleiner, 2013). A recent study conducted at the Institute for Women's Policy Research entitled *Separate and Not Equal? Gender Segregation in the Labor Market and the Gender Wage Gap* (2012) found nearly 40% of the female workforce is employed in traditional female work: social work, nursing, and teaching. These same fields employ fewer than 5% of men. The jobs that are more typically deemed as "male" tend to pay better than traditionally "female" jobs (Blau & Kahn, 2006; Dey & Hill, 2007; Leutwiler & Kleiner, 2013). Though a variety of factors may contribute to this phenomenon, socialization processes, in large part, exacerbate the "crowding" of genders in particular occupations (Preston, 1990).

Yet, these trends cannot fully explain the wage gap (Blau & Kahn, 2006). As Kulow (2013) reported males in female-dominated fields still earn more than those females. Thus, the occupational segregation impacts women's wages more adversely than it impacts men's wages. For instance, a male working in a female-dominated field will still earn more money than a

female in a female field. As a consequence, research suggests that women are often disadvantaged twice: first for being a female, and second for working in gendered occupation (Kulow, 2013).

Other data suggests the gender wage gap simply permeates through the labor market, as full-time working women on average earned less than men in 104 of 108 of the occupations for which the Bureau of Labor statistics provides earnings data (*Separate and Not Equal*, 2012). If men are still earning more than women in nearly every field, the theory of gendered occupations cannot fully account for the wage gap (Blau & Kahn, 2006). Furthermore, gendered occupational segregation has been declining as more professions are becoming gender-mixed (*Separate and Not Equal*, 2012); yet, the wage gap is not making similar progress toward closing.

Taking Time out of the Workforce

Another explanation for the wage gap is because women take time out of the workforce. The face of this claim is irrefutable. As a result of their biological and previously discussed historical roles, women are commonly the family caretaker; consequently, they are more likely to leave the workforce to carry, birth, and care for children and other family members. While women must limit their hours or interrupt their careers to meet their family's caregiving needs, men continue to work uninterrupted (Riss, 2005).

As previously established, women suffer wage inequity; however, women with children tend to face greater levels of discrimination. This wage and advancement consequence is commonly referred to as the "mommy penalty" (Riss, 2005). For instance, Correll and Benard (2007) found that employers are less likely to hire women with children when compared to women without children. Even when employment is offered to a mother, she is offered a lower

salary than a childless woman (Correll & Benard, 2007). Budig and England (2001) reported a wage penalty of 7% per child.

Other studies have corroborated this notion. One study analyzed national survey data from 1975 to 1998 and found that each additional child is associated with a negative effect on women's wages (Avellar & Smock, 2003). The same study concluded that the motherhood wage penalty has not declined over time. This is true despite the fact that more mothers have joined the workforce (Avellar & Smock, 2003). Thus, even though women's work patterns have become more similar to men's, a clear disparity continues to exist

Additional studies have been conducted to understand how the motherhood penalty differs among working women. For example, penalties are greater for married mothers than for unmarried mothers, mothers who work full-time, and mothers who already have work experience (Budig & England, 2001). Another recent study also discovered that not all mothers incur the same wage penalties for having children. Mothers who can least afford to lose wages, that is, the lowest income earners, suffer the greatest proportion of wage loss as a result of childbearing (Budig & Hodges, 2010). Conversely, among highly paid women the motherhood penalty is significantly smaller (Budig & Hodges, 2010). Budig and England (2003) also found no evidence that penalties were greater for well-educated women in senior positions.

While women's wages suffer as a result of childbearing and rearing, men with suffer no penalty whether they have children or not (Correll & Benard, 2007). In fact, a GAO report found mothers experienced a wage penalty for each child, while fathers received an earnings boost for each child (United States General Accounting Office, 2003). Furthermore, Dey and Hill (2007) found that 10 years after graduation, 23% of mothers were out of the workforce, an additional

17% of mothers were working part-time. Conversely, only 1% of fathers opted to leave the workforce and 2% worked part-time.

Yet, men and women leave the workforce for different reasons. One study noted that women typically leave the workforce to care for their children or other family members such as parents. Men also reported leaving the workforce at some point in their career; however, they cited reasons such as changing careers, obtaining additional training, or starting a business (Hewlett & Luce, 2005). The same study found that most women (93%) who have “off-ramped” either want to or need to return to work (Hewlett & Luce, 2005). Yet, when women return to work they are penalized (Correll & Benard, 2007). Hewlett and Luce (2005) reported that women lost an average of 18% of their earning power when they re-entered the workforce (Hewlett & Luce, 2005). Interestingly, this penalty may largely be the result of an employer’s assumptions about how many hours a mother is willing to work rather than how many hours a mother actually works, since even mothers who do not reduce the work hours are impacted by the “mommy penalty” (Murphy & Graff, 2006).

The research cited above may, in part, explain why some women shy away from having families. Data indicates that women managers are less likely to get married and become mothers than their men counterparts (*Women’s Pay*, 2009). Research affirms that women with children not only face a pay penalty, but also have an obstacle-laden route to attaining a leadership position (Cabeza, Johnson & Tyner, 2011). As a result of the “mommy penalty,” some women have to overcome two levels of discrimination: first for being female and second for being a caregiver.

Yet, this penalty does not explain the wage gap. This is particularly apparent when considering that even women without children still experience a wage gap. Full-time childless

working women still earn significantly less than full-time working men (Chairman's Staff of U.S. Congress, 2012); thus, removing motherhood does not eliminate the wage gap. Clearly, the “mommy penalty” is only partially responsible for the gender wage disparity (Chairman's Staff of U.S. Congress, 2012).

Levels of Educational Attainment

The Simple Truth report (2014) notes that attaining education is an effective way for individuals to increase potential earnings; however, educational attainment is not an effective way to close the wage gap. In 1963, when wage inequity began to percolate and the Equal Pay Act was passed, women’s lack of educational attainment was a valid explanation of the wage gap. At that time, men had higher rates of graduation from undergraduate and graduate school (Kulow, 2013). However, as Kulow (2013) notes, after Title IX, which banned discrimination in education, was passed in 1972, women’s levels of educational attainment surpassed those of men’s. In 1970, women represented 43% of graduates with a bachelor’s degree and 39% of graduates with a master’s degree (Leutwiler & Kleiner, 2013). Today, women earn more bachelor’s degrees (57.2%), master’s degrees (60.3%), and doctoral degrees (51.7%) than their male counterparts (Aud et al., 2012). Nevertheless, women’s efforts to gain education have been futile in equalizing the pay differential.

Despite women’s educational progress, Leutwiler and Kleiner (2013) found that when income is adjusted for educational attainment, the wage gap in 2000 is actually higher than it was in 1970. In other words, women’s gains in educational attainment have not been matched with gains in economic progress (Cohen, 2007). Other data demonstrate a similar trend, where women trail men in earnings at every level of education. In 2008, women with a bachelor’s degree, working full-time earned \$54,207; their similarly educated male counterparts earned an

average of \$81,975. Likewise, women with high school diplomas earned \$31,666, significantly less than male high school graduates who earned an average \$43,493 (Feder & Levine, 2010).

This data also suggests the gap is more divergent at higher levels of education (Feder & Levine, 2010; *The Simple Truth*, 2014). Jones (2014) also noted that the gender pay gap is largest at the top of the educational spectrum. For instance, a woman with her master's degree will only earn 69% of the salary of her male counterpart with the same level of education (Leutwiler & Kleiner, 2013). Among high school and college graduates, women earned about \$0.70 for every dollar earned by their male colleagues; however, professional women earned only \$0.58 cents for every dollar earned by professional men (Johns, 2013). When translated into annual compensation, professional women earn \$67,245 while professional men earn \$116,136.11 (Johns, 2013). In fact, a woman will have to earn her doctorate before she can out-earn a man with a bachelor's degree (Carnevale, Rose, & Cheah, 2011). Clearly, attempts to justify the wage gap by citing women's lower levels of educational attainment are meritless.

Lack of Leadership Ambition

If women are more educated and legal protections exist, there is no legitimate reason why women should not be holding the highest paying positions. Yet, even though women's educational attainment and workforce ranks have continually increased, women are still underrepresented in leadership positions (Joy, 2008).

In the United States, 49% of the workforce is female, but women only account for 14% of the top management positions (Hausmann et al., 2010). According to a Catalyst (2014) report, women held 15.7% of Fortune 500 corporate officer positions in 2002. By 2008, the percentage was unchanged. The same report found only a modest increase in the percentage of women held Fortune 500 company board seats between 2001 and 2011, from 14.7% to 16.1%. Furthermore,

more than 10% (56) of Fortune 500 companies had no women on their boards of directors (Catalyst, 2014).

This is true despite the fact that women in positions of leadership make a compelling business case (Johns, 2013). Adler (2001) was one of the first studies to note the correlation between female executives and profitability. Data collected over a 19-year period revealed that Fortune 500 companies with a high number of women executives outperformed their industry competitors on all measures of profitability (Adler, 2001). Similarly, another often cited report noted a correlation between several financial measures including return on equity, return on sales, and return on invested capital, and the presence of women on the board of directors (Joy, Carter, Wagner & Narayanan, 2007). Adams and Ferreira (2009) also found that the presence of women on the board results in more business segments, lower volatility, and larger boards. While these studies conclude that the inclusion of women in the top corporate ranks has a direct and positive impact on a company's bottom line, women continue to be underrepresented in positions of leadership (Johns, 2013).

Lack of ambition is not an explanation for the leadership gap as women report being as driven as their male peers. A recent survey of 1,421 global executives found 79% of all mid- or senior-level women wished to reach top management, which was nearly equivalent to 81% of men with the same desire (Devillard et al., 2014). Eagly and Carli (2007) also refute the notion that women have less career ambition, as they found that women and men were equally committed to their jobs and had similar desires to attain leadership roles. Yet, women are less optimistic that they will actually achieve their goals: 69% say they are confident they will achieve their leadership goal, as opposed to 86% of men (Devillard et al., 2014). Women's lower levels of confidence can be attributed in part to cultural factors such as the organization's current

lack of gender diversity in leadership, and individual factors such as the time demands of a leadership position that would challenge work-life balance.

Devillard et al. (2014) cited that a favorable environment is central to a woman's confidence in achieving her career ambitions. A favorable environment includes fair performance evaluations, a concept that evades many women. Research suggests that women are subject to gender bias in their performance reviews. In other words, gender bias in evaluation impedes women's career success because "being competent provides no assurance that a woman will advance to the same organizational levels as an equivalently performing man" (Heilman, 2001, p. 657). As a consequence of unfair performance reviews women are simply not placed on a track to leadership positions. Therefore, women have limited access to career development, mentoring, and training (Cabeza et al., 2011; Hoobler, Lemmon, & Wayne, 2011.) As evidenced by research cited above, even if women share similar ambitions as men, they are not provided with the same leadership advancement opportunities.

When there are few females in positions of leadership, inequity reverberates through the organization. For instance, Cohen and Huffman (2007) concluded, "when qualified women are blocked from upper-level managerial positions and denied the benefits of those jobs, their absence has ripple effects that shape workplace outcomes for nonmanagerial women as well" (p. 699).

The previously cited study conducted by Shin (2012) confirmed this notion in the for-profit sector. After analyzing compensation data from Standard and Poor's ExecuComp data set, the researcher's hypothesis was confirmed. Compensation committees with a greater proportion of women compensate female executives better than companies with a smaller proportion of

women (Shin, 2012). In other words, the gender wage gap depends, at least in part, on the gender composition of the organization's leadership.

Stainback, Ratliff, and Roscigno (2011) also studied the impact of women in organizations. Analyzing the responses of 2,810 individuals who participated in the 2002 National Study of the Changing Workforce, which examines experiences in the workplace, Stainback et al. (2011) found that discrimination in the workplace is reduced for both men and women when their sex represents the majority of workers. For example, women with female supervisors reported 40% lower rates of workplace discrimination than women with male supervisors. Thus, having more women in positions of leadership promotes greater levels of equity and may help to close the gender wage gap.

However, women face significant challenges in this endeavor as they are often blocked from leadership because successful leadership is perceived to be within the male domain (Koenig, Eagly, Mitchell, & Ristikari, 2011). Despite women's gains in the workplace, leadership roles are still most commonly defined by male characteristics such as competitive, assertive, and decisive (Koenig et al., 2011). Schneider, Tinsley, Cheldelin, and Amanatullah (2010) agreed with this theory. They assert that certain characteristics are perceived to belong to men including being independent, assertive, self-reliant, and powerful and certain characteristics are perceived to belong to women including being warm, communal, caring, and helpful (Schneider et al., 2010). These perceptions create an incongruity when females occupy domains that traditionally belong to males, such as a position of leadership or authority. As a result women are either seen as likeable, which is associated with being kind and nurturing or successful, which is associated with being autonomous and forceful, but not both, because it is difficult to occupy both characteristics at the same time (Schneider et al., 2010).

Therefore, it is not surprising that social penalties such as disapproval and negativity are often applied to successful women (Heilman, Wallen, Fuchs, & Tamkins, 2004). Sandberg (2013) asserts a similar view noting that success and likability are negatively correlated for women. The more successful a woman is, the less likeable she is perceived to be. More than four decades later, women are still overcoming the “fear of success” theory in which they are less inclined to be successful because they fear disapproval (Horner, 1972).

Nevertheless the “unlikable” hurdle has not prevented women from continuing to infiltrate the workplace, including fields previously dominated by men such as medicine, law, and finance (Hegewisch, Liepmann, Hayes & Hartmann, 2010). While they have garnered the necessary training, experience, and ambition to ascend to the top positions (Kulow, 2013) they continue to be underrepresented in the upper echelons (Devillard et al., 2014; Kulow, 2013). The relatively few women who find their way into prestigious positions are paid less equitably than their male counterparts (Riss, 2005). For instance, women represent a growing percentage of the physician workforce (U.S. Department of Health and Human Services, 2008); yet, the gender wage gap in that field has actually grown to more than 25%, a difference of \$56,019 per year (Seabury, Chandra, & Jena, 2013). Stanberry and Aven (2013) conducted a longitudinal study of the gas and oil industry over a 20-year period. The researcher found that women were paid less than men who held the same high-status position and same job title. This remained true even after controlling for educational attainment and experience (Stanberry & Aven, 2013). As evidenced above, women are increasingly penetrating gender stereotype barriers to enter prestigious fields and positions. However, they continue to face inequitable compensation. Thus, the notion that women lack leadership ambition or ability is a fallacy and does not justify the wage gap.

Discrimination as an Explanation

As previously mentioned, many contend that the wage gap is a result of women's choices in terms of occupation, caregiving responsibilities, education, and leadership roles (Faulk et al., 2013; Kulow, 2013; Reese & Warner, 2011; Themudo, 2009). Yet a recent study by the American Association of University Women refutes this notion, suggesting that even after controlling for education, occupation, parenthood, hours worked, and other factors, women still earn less than their male counterparts (Corbett & Hill, 2012). Corroborating these findings, Stanberry and Aven (2013) also found an irrefutable wage gap between men and women, even when controlling for gender differences in work patterns. Blau and Kahn (2006) analyzed data from the Michigan Panel Study of Income Dynamics, which contains data on individual's labor experience, and controlled for several factors including type of sector and the market value of skills. The study revealed an unexplainable difference between males' and females' wages; thus arguing that a portion of the gender wage gap could only be explained by discrimination.

The discrimination theory supports the idea that the often-cited justifications for the wage gap hold little credibility. For instance, women who work in female-gendered occupations still earn less than men who work in female-gendered jobs dispelling the idea that gendered occupations can explain the gender wage gap. Similarly, even women without children or caretaking responsibilities are paid less than their male counterparts. Women earn more bachelor's degrees, master's degrees, and doctoral degrees than their male counterparts. Thus, lower educational attainment is also not an explanation for lower earning. Finally, women exhibit similar levels of leadership desires to their male counterparts, suggesting that lower ambition is not a likely source of wage inequity. Therefore, discrimination remains one reasonable explanation as to why a gender wage gap continues to permeate the workforce.

Self-Efficacy as a Possible Explanation

It is likely that many variables, including women's choices and discrimination, can explain a portion the wage gap; however, another possible explanation about why women's disadvantaged position in the workforce persists is low self-efficacy expectations. Albert Bandura, known as the father of social learning theory, developed the self-efficacy theory. Bandura's research has focused on how vicarious learning experiences influence human thoughts and behaviors (Perry, Martin & Toplis, 2007). According to Bandura (1977) an individual's self-efficacy refers to the belief in his or her own ability to successfully accomplish a task or exhibit a desired behavior. Applied more broadly, self-efficacy expectations are the basis on which an individual will try a certain behavior (Hackett & Betz, 1981). This theory focuses how on cognitive, affective, and biological influences lead to the development and perpetual shaping of one's self-efficacy and performance (Bandura, 1977).

Beginning in the 1980s, researchers began to apply Bandura's self-efficacy theory to career development as it served as a way to integrate the many factors that influence a woman's career choices and development (Betz & Hackett, 2006). Furthermore, it offered a potential explanation as to why women have been underrepresented in high-powered, high-earning occupations. Since women's self-efficacy expectations tend to be lower and weaker than men's, this theory could potentially explain why women do not fully recognize their own interests and abilities in career pursuits (Farmer, 1976; Bandura et al., 1977). For instance, the previously cited Devillard et al. (2014) survey found that men and women shared similar ambition, but women were less confident in their ability to achieve their goals.

Self-efficacy is cognitive judgment about one's capabilities; it is not a character trait (Bandura, 1997). Individuals develop self-efficacy beliefs through repeated activity

involvement, modeling, and feedback from others (Lent, Brown & Hackett, 1994). Thus, research suggests that the early influence of personal variables such as gender, socioeconomic status, and family influences play a formative role in determining an individuals' academic and, consequently, career-related experiences (Lent et al.,1994).

The effects of gender role socialization on academic and subsequent career choice have been the focus of many studies (Huston, 1983). In fact, Huston (1983) found that as early as five years of age, children have clearly defined gender role stereotypes regarding appropriate behaviors and traits. Consequently, they modify their behaviors and aspirations to align with those ideals, which eventually influences educational and vocational choices (Huston, 1983).

Additionally, children's perceived efficacy rather than their actual academic achievement was found to be a key determinant of their occupational self-efficacy and preferred choice of work (Bandura, Barbaranelli, Caprara, & Pastorelli, 2001). Thus, teachers' implicit beliefs and behaviors in regard to gender have an impact on students' career self-efficacy (Shumow & Schmidt, 2013). In one study, most teachers did not express a belief about gender differences in students' interest for science, but when asked to identify students who should pursue a career in science, teachers were more likely to identify male students. In the same study, teachers described high achieving males as having intellectual capacity; whereas, high achieving females were described as being hard-workers (Shumow & Schmidt, 2013).

Similarly, Aukrust (2008) found that male students participated more across all grade levels studied. Furthermore, when the female students participated, it was often because the teacher gave them the floor; whereas, male students participated more often by taking the floor. Another study conducted by Luongo (2012) corroborated these findings. The researcher interviewed teachers who indicated that the males in their classrooms received more attention for

a variety of reasons, including their more aggressive nature, more frequent calling out, and more regular requests for teacher assistance (Luongo, 2012). This research suggests that boys are encouraged be more vocal and participatory; whereas, girls are socialized to be quiet and docile.

Based on these findings it is no wonder why Fox (1982), found that highly motivated, gifted girls have lower self-confidence than highly motivated, gifted boys. Teachers' beliefs and behaviors may also explain why gifted girls are more likely to underestimate their intellectual skills; yet, boys are more likely to overestimate their intellectual skills (Strauss & Subotnik, 1991).

It is clear that these veiled messages, impart differing societal expectations that shape self-efficacy at a formative age (Eddleston, Veiga, & Powell, 2006). Male students who receive more attention and praise feel capable and are more likely to choose to engage in that activity, persist when they experience setbacks and work harder to achieve their goals (Shumow & Schmidt, 2013). Undeniably, these variables will impact the choices students make about courses, majors, and careers since people tend to prefer to engage in activities for which they have positive attitudes (Shumow & Schmidt, 2013).

The behaviors learned and choices made during the formative years impact an individual's course in life. Family members, teachers, and other personal factors influence the capabilities children choose to nurture, and those they leave undeveloped (Lent et al., 1994; Bandura et al., 2001). Similarly in their theoretical publication, Hackett and Betz (1981) hypothesized that it was not women's interests, values, and abilities that influences their careers, but their self-efficacy beliefs. In the same year, Betz and Hackett (1981) published their seminal study in which they developed a 20-item Occupational Self-Efficacy Scale to examine the relationship of career self-efficacy expectations to perceived career options among male and

female college students. Occupations were divided into ten traditionally male occupations and ten traditionally female occupations. Students were then asked to rate their confidence in their ability to fulfill the educational and job requirements for each occupation. Male respondents reported equivalent levels of self-efficacy for both the traditionally male and female occupations. However, females reported significantly higher levels of self-efficacy for traditionally female occupations and significantly lower levels of self-efficacy for the traditionally male occupations. Thus, Betz and Hackett (1981) concluded self-efficacy is a critical component in choosing a career as it strongly impacts the range of career options from which an individual will choose.

Similarly, Eccles (1994) posits the idea of a “hierarchy of expectations and efficacy,” whereby individuals will pursue careers in areas where they are most likely to be successful. For instance, if women have low self-efficacy in fields such as math, science, and medicine, they are likely to choose a different career path where they believe they have stronger skills. Thus, self-efficacy can be a barrier for even the brightest and most competent women (Eccles, 1994). Other studies have shown consistent support for this theory that self-efficacy beliefs strongly affect career decision-making and career choice (Betz & Hackett, 1986). In fact, perceived self-efficacy predicts occupational choice, academic achievement, and persistence toward achieving goals (Lent, Brown, & Larkin, 1986).

As indicated above, females tend to perceive themselves to have lower academic abilities than their male peers. For instance, females were far less assured of their abilities to meet the educational and job requirements of traditional male occupations despite the fact that there are no differences in males and females performance on standardized tests (Betz & Hackett, 1981). Similarly, even female students who were accepted into an elite Master’s of Business Administration program reported feeling less confident in their abilities than their male

classmates (Eccles, 1994). This, once again, suggests that an individual's actual skills and capabilities are secondary to their perceptions of their skills and capabilities.

Other research has reported similar findings. Eccles' (1987) study asked female students to rate their scientist abilities prior to taking a science quiz. The female students rated themselves more negatively than their male peers, even when there was no gender difference in performance (Eccles, 1987). Furthermore, female students were less inclined to participate in a science competition to win prizes than their male peers (Eccles, 1987). As a result of these low self-efficacy beliefs, female students are less likely to participate and pursue scientific activities (Dunning, Johnson, Ehrlinger, & Kruger, 2003).

Lent et al. (1984) found that self-efficacy expectations were correlated with persistence and success in pursuing educational and career goals. Their study showed that student's beliefs about their abilities to complete the requirements of their science and engineering programs were predictive of subsequent academic performance. Students with high levels of self-efficacy were more likely to persist in the field and achieved higher grades than those with low levels of self-efficacy.

Estes and Felker (2012) also noted the significance of low levels of self-efficacy. The researchers conducted a series of experiments which found that the females scored significantly lower than the males only because they abstained from answering all of the questions. When required to answer the questions, males and females had nearly equivalent scores. Thus, once again, it appears that it is women's low levels of self-efficacy that impair their chances of success and not their inabilities.

While there has been significant research devoted to how self-efficacy impacts academic pursuits, the theory has also been extended to career behavior, decisions, and achievement. In

fact a considerable volume of research confirms the relationship between self-efficacy and occupational choice, pursuits, and performance (Bandura, 1997; Betz & Hackett, 1986; Hackett, 1995; Lent, Brown, & Hackett, 1994; Stajkovic & Luthans, 1998). Bandura et al. (2001) address the pivotal role self-efficacy plays in career development:

The higher people's perceived efficacy to fulfill educational requirements and occupational roles, the wider the career options they seriously consider pursuing, the greater the interest they have in them, the better they prepare themselves educationally for different occupational careers, and the greater their staying power in challenging career pursuits. (p.188)

Another barrier to women's self-efficacy may be the consequence of chosen referents. For instance, both men and women tend to make aspirational comparisons with like-gendered career referents at higher levels (Gibson, 2003). However, because women tend to fulfill lower level positions (Gibson & Lawrence, 2010), female's career referents tend to occupy lower positions than males' career referents (Major & Konar, 1984). Higher levels of career referents tend to result in higher career expectations (Eccles, 1994); yet, even when women identify career referents at the same level as men, lower levels of career self-efficacy persist (Gibson & Lawrence, 2010). In other words, women do not increase their self-efficacy beliefs to the same degree as men when observing high-achieving individuals.

Many studies suggest that lower career self-efficacy expectations can lead to lower rewards, motivation, performance, and success (Major & Konar, 1984; Stajkovic & Luthans, 1998; Day & Allen, 2004). Although this would provide a possible explanation for the gender wage gap, another study refutes this idea. Higgins, Dobrow, and Chandler (2008) controlled for field of occupation and hours worked and found that women earned less than men at three years

and seven years after entry into the workforce. However, women's somewhat lower occupational self-efficacy did not mediate this effect. Thus the study concluded that the gender wage gap could not be contributed to career self-efficacy (Higgins et al., 2008).

Despite some contradictory findings, the research largely suggests the low levels of self-efficacy inhibit motivation to persist in career-related tasks and limit women's career opportunities. While there is no conclusive evidence to suggest low-levels of self-efficacy have contributed to the persistence to the gender wage gap, self-efficacy should be considered an important variable in defining an individual's career choice and development.

Assessment of self-efficacy. While researchers initially applied self-efficacy theories to women's career development, the field has dramatically expanded to include career development in general, as well as career development among specific groups and disciplines (i.e. African American populations and students majoring in mathematics) (Betz & Hackett, 2006; Gainor, 2006). As a result, a number of assessment tools have been created to address career content and career processes.

The first empirical research study to apply self-efficacy to career development established a tool to measure self-efficacy in terms of educational and job requirements (Betz & Hackett, 1981). The 20-item instrument included well-known occupations that were traditionally chosen by females (such as elementary teacher, social worker, and physical therapist) or occupations that were traditionally chosen by males (such as engineer, lawyer, and accountant). The scale was designed to understand if females' underrepresentation in male-dominated fields could be attributed to low self-efficacy (Betz & Hackett, 1981).

Perhaps the most widely utilized self-efficacy scale is known as the Career Decision-Making Self-Efficacy Scale (CDMSE) (Taylor & Betz, 1983). The instrument was designed to

measure an individual's self-efficacy toward career decision-making. The 50-item instrument asks respondents to address behaviors related to self-appraisal, gathering occupational information, goal selection, making plans for the future, and problem solving on a ten-point scale ranging from 9 (complete confidence) to 0 (no confidence). Additionally, a shorter 25-item form was created for use in career counseling.

Self-efficacy assessments have also been used to measure career development in particular fields. For instance, Betz and Hackett (1983) created the first instrument to measure self-efficacy expectations in mathematics. The tool measured an individual's self-efficacy in math as it pertained to: everyday math tasks (i.e. balancing a checkbook, mentally tallying a grocery receipt), math courses, and math problems. Predictably, the study found that higher math self-efficacy expectations are related to a student's preference for seeking a career in mathematics (Betz & Hackett, 1983).

As mentioned above, assessments have also been used to measure self-efficacy in certain populations. Gainor and Lent (1998) studied the academic choice intentions of African American college students using modified and existing versions of self-efficacy instruments. The study found that, like Caucasian students, African American students are likely to develop positive beliefs when they feel efficacious in tasks (Gainor & Lent, 1998).

In recent years, scales have been created to assess a general sense of self-efficacy (Scherbaum, Cohen-Charash, & Kern, 2006). The General Perceived Self-Efficacy Scale (GSE) was created to understand how efficacious individuals are across various domains (Schwarzer & Jerusalem, 1995). To apply this scale such as this, Bandura (1997) suggests that self-efficacy be conceptualized in a particular situation, such as the workplace. The General Perceived Self-Efficacy Scale is a universal construct, as it characterizes a basic belief shared across cultures

(Luszczynska, Scholz, & Schwarzer, 2005). Originally developed in Germany, the ten-item scale has been translated into 28 languages (Schwarzer & Jerusalem, 1995). The GSE scale has been widely used and has typically yielded internal consistencies between $\alpha = .75$ and $.91$.

An abundance of self-efficacy scales have been created to measure efficacy among different individuals in various content areas and various process areas (Gainor, 2006). The proliferation of measures suggests that understanding self-efficacy may help determine why individuals pursue or avoid particular career choices. If self-efficacy tools could be used more routinely in career-counseling, more women may recognize and overcome their own perceptions; thus, allowing women to more fully value their interests, skills, and abilities.

Wage Inequity in the Nonprofit Sector

Gap in the Literature

Women may still experience systematic discrimination despite protective legislation and societal advancement. This discrimination appears to exist even in the nonprofit sector, an arena that advocates equity. Gibelman (2000) notes the irony that discrimination exists in a sector that is defined by underlying values such as charity, human rights, and justice. Yet, even nonprofit organizations do not adhere to nondiscriminatory practices.

Gibelman (2000) further indicates that even though the glass ceiling has been discussed frequently in the for-profit and government sectors, there has been little literature devoted to its existence in the nonprofit sector. Although limited attention has been paid to the nonprofit wage gap, one might assume that some of the aforementioned choices are exceedingly apparent in the sector where women represent a majority of the sector and they are highly educated, but there is a lack of leadership opportunities.

The Nonprofit Sector as a Gendered Sector

Women represent the majority of the nonprofit sector (Conry & McDonald, 1994; Themudo, 2009). Preston (1990) argues that men are less likely to work in the female-dominated sector because they would suffer a significant wage loss; whereas, there is little wage differential for women between the nonprofit, public, and for-profit sectors. Yet, if both women and men receive lower compensation in “female” dominated industries, research suggests this phenomenon should actually create greater pay parity since women’s wages only decrease slightly by working in female gendered sector, but men’s wages decrease substantially when they are employed in a female occupation (Cohen & Huffman, 2003).

Other research supports this idea suggesting the wage differential between similarly qualified workers is smaller in the nonprofit sector (Preston, 1990). This may be because nonprofit leadership roles are more accessible and; therefore, the glass ceiling is more penetrable (Landsford, Clements, Falzon, Aish, & Rogers, 2010). Preston (2004) further suggests that this idea of greater gender equality might attract women to work in the sector. Yet, the theory of a “level playing field” cannot be fully supported. Despite being the vast majority of the nonprofit workforce, women do not dominate the leadership ranks (Joslyn, 2003). Though the wage gap may be comparatively smaller in the nonprofit industry, pay inequity still exists.

Furthermore, a smaller wage gap does not necessarily signify greater equity exists. Rather it indicates that greater pay parity in the nonprofit sector is a result of the fact that men are taking larger pay cuts in order to work in a female-dominated industry (Faulk et al., 2013). The wage gap persists and research indicates that gender segregation contributes, only in part, to the disparity (Blau & Kahn, 2006; Dey & Hill, 2007; Kulow, 2013; Faulk et al., 2013; Leutwiler & Kleiner, 2013).

In fact, the wage gap actually digresses further when unpaid overtime is added to the equation. Baines et al. (2013) found that dedication to mission results in women working longer hours and not taking paid vacation time; whereas, men were unlikely to partake in unpaid overtime work. Additionally men emphasized the technical aspects of their jobs and employed more standard procedures such as in-take forms, record-keeping, and database tracking (Baines et al., 2013).

Yet, nonprofit organizations continue to attract women seeking employment and volunteer opportunities (Leete, 2006; Preston & Sacks, 2010; Themudo, 2009). The sector may be particularly appealing to women because there are greater skill development opportunities and less repetitive work than in the for-profit sector (Preston, 1990; Geibelman, 2000). Other research supports this idea, suggesting that nonprofit organizations employ more women in full-time key, mission-specific roles (Mastracci & Herring, 2010). Preston (1990) posits women fulfill nonprofit leadership positions for less compensation in exchange for increased professional opportunities and responsibilities. Leete (2006) takes this idea further, suggesting that nonprofit employees value the mission-related and direct service work as part of their compensation and; therefore, are willing to accept lower wages.

Additionally, nonprofit organizations often provide employees greater flexibility. Pay may be constrained by a number of variables and financial incentives are unlikely to occur in this industry; however, employers can offer non-monetary incentives such as flexible work hours and more time off to promote a work-life balance (Mirvis & Hackett, 1983; Preston, 1990). Flexibility inevitably appeals to women who, as previously mentioned, are more likely to bear the family's caregiving responsibilities. Thus, for many women, working in the nonprofit sector may be more attractive than corporate sector employment (Preston, 1990).

These levels of opportunity, engagement, and flexibility attract marginalized populations such as women and minorities to nonprofit work (Gibelman, 2000). As previously noted in the for-profit sector, promoting greater diversity is lucrative as organizations with greater gender and racial diversity perform better financially (Gibelman, 2000).

Levels of Educational Attainment in the Nonprofit Sector

When comparing nonprofit employees to their for-profit counterparts, their labor force traits are not highly variable, except when it comes to gender composition and educational attainment (Wang & Ashcraft, 2012). As Ruhm and Borkoski (2003) noted the nonprofit sector has a disproportionate percentage of women and highly educated individuals. Wang and Ashcraft (2012) also found a significantly greater proportion of nonprofit employees have college degrees and many have graduate degrees. For instance, one study found that 79% of the nonprofit employees sample held college degrees (Ruhm & Borkoski, 2003). This accords with findings from the *Bayer Center's Wage and Benefit Survey* (2012), which found that 62% of nonprofit executives in southwestern Pennsylvania had master's degrees or doctoral degrees. According to the U.S. Census (2012), only about 11% of the population has this level of educational attainment.

The growing number of nonprofit degrees may be partly responsible for the highly educated work force. As a result of its growth, the nonprofit sector has become more professionalized (Wang & Ashcraft, 2012). In 2006, over 660 colleges and universities offered courses or programs in nonprofit management education, a 43% increase over one decade (Wang & Ashcraft, 2012). Whatever the reason, research suggests the nonprofit workforce is well educated and predominately female. Thus, wage inequity in the nonprofit sector cannot be explained by women's lack of education.

The Leadership and Wage Gap

Despite women's prevalence in the sector; despite their relevant work; despite their high levels of education, women are not afforded equitable leadership opportunities (Reed, Vidaver-Cohen, & Colwell, 2011). Although women occupy a majority of the nonprofit sector, they are overwhelmingly represented in direct service provider positions, while men are overwhelmingly represented in leadership positions (Bosak & Sczesny, 2011; Gibelman, 2000; Lansford, Clements, Falzon, Aish, & Rogers, 2010). This is corroborated by a recent study which sampled nonprofit professionals in leadership positions and found that 87.5% were male and 12.5% were female (Glick, 2011). Guidestar (2010) also concluded that women are underrepresented in executive positions, particularly at organizations with annual revenues in excess of \$1 million. In fact, the report suggests that the wage gap widens as organizations' budgets grow. A recent survey of the country's 400 largest charitable organizations further supports this idea, as the study found there was no women leading an arts-and-culture organization, hospital, public-affairs group, Jewish federation, or other religious organizations (Joslyn, 2009). Even at the board level, there are a disproportionately low number of women serving as board members and officers of the board (Pynes, 2000). Thus, it appears that males' domination of leadership positions in the nonprofit sector accords with the trends in the for-profit sector (Ely, Ibarra, & Kolb, 2011; Lansford et al., 2010).

Nonprofit organizations play a critical role in strengthening society (Themudo, 2009) and women play a critical role in strengthening nonprofit organizations. Clearly, the cited research suggests a pay inequity is occurring in the nonprofit sector. Since women represent a significant portion of this workforce, more research is needed (Conry & McDonald, 1994; Powell & Steinberg, 2006).

Protective Legislation

Married Women's Property Acts

The wage gap persists despite abundant and long-standing legislative protections. As aforementioned, during the revolutionary time period women rarely worked outside of the home. If they did earn wages, those wages had to be turned over to their father or husband, since women were not legally allowed to own property. Between 1839 and 1895 this tradition changed as the Married Women's Property Acts were passed in various forms by every state in the union (Married Women's Property Acts, 2014). As a whole, they established the rights of women to enjoy the profits of their labor, to control real and personal property, to be parties to lawsuits and contracts, and to execute wills on their own behalf (Jones, 2014). Despite the progress, the laws still allowed women to be treated differently.

Fourteenth Amendment: Equal Protection

It was not until 1968 that gender equality was addressed by the equal protection clause of the Fourteenth Amendment (Fourteenth Amendment, 2006). The clause requires states to apply the law equally and cannot discriminate against people or groups of people arbitrarily. However, the U.S. Supreme Court initially ruled that the clause was intended to address racial issues, not gender issues (Fourteenth Amendment, 2006).

Early decisions made by the U.S. Supreme Court confirmed that the Fourteenth Amendment was not intended to place women on the same political and economic planes as men and confirmed that its intent was to address racial issues (Fourteenth Amendment, 2006). This remained true until well into twentieth century.

The Equal Pay Act and Title VII of the Civil Rights Act

Congress first addressed gender-based disparities as they pertained to wages with the passage of the Equal Pay Act of 1963 (Feder & Levine, 2010). The Equal Pay Act (EPA) required that men and women, working in the same establishment, be given equal pay for equal work. Under the law, the jobs need to be “substantially equal” based on the duties of the job, but not necessarily the titles of the job (Stanberry & Aven, 2013). However, under the Equal Pay Act certain wage differentials are permitted such as those pertaining to seniority, merit, quantity of production or “any factor other than sex” (Congressional Digest, 2014).

One year after the Equal Pay Act was signed, Title VII of the Civil Rights Act of 1964 made it illegal to discriminate (including compensation) on the basis of sex, race, color, religion, and national origin (National Women’s Law Center, 2010). While the EPA and Title VII provide over-lapping rights, Title VII tends to provide greater, more comprehensive protection from sex discrimination (Congressional Digest, 2014).

Title IX of the Education Act Amendments

Although Title IX of the Education Act Amendments of 1972 did not pertain to wage equity, it did provide women greater access in educational settings. As a result, Title IX indirectly had a significant impact on women’s advancement in the workplace (U.S. Department of Education, 1997).

Title IX bans any educational institution that receives federal funds from discriminating on the basis of sex. This applies to all academic and extra-curricular programs including admissions, athletics, financial aid, extracurricular activities, and academic programs. The provision parallels Title VII of the Civil Rights Act of 1964, which bars race discrimination in education (Cohen, 2007).

Although Title IX does not address wage equity it has been praised for the women's advances in education. As a consequence of expanded educational opportunities, perceptions of women's abilities have changed. For instance, women's enrollment in law schools has risen from 6.9 percent in 1971 to nearly 50 percent at many institutions today (Mink, 1998). The United States Department of Education goes so far as to credit Title IX for nearly all the advancements women have made in education and in the workplace (U.S. Department of Education, 1997).

Title II of the Civil Rights Act of 1991

In 1991 the U.S. Congress found that, despite a dramatically growing presence in the workplace, women and minorities remained underrepresented in senior positions and the pay inequity persisted (Johns, 2013). Consequently, Title II of the Civil Rights Act of 1991, known as the Glass Ceiling Act of 1991, was enacted establishing the Glass Ceiling Commission (Johns, 2013).

The Commission reaffirmed the existence of impenetrable societal, governmental, internal business structural barriers between women and the executive suite (Glass Ceiling Commission, 1995). At that time, the commission noted that women filled only three to five percent of senior management positions in Fortune 500 companies. Additionally, women who were in senior positions were compensated less than their male counterparts. If women did hold senior positions, they were in areas such as human resources, which often do not have a career path that lead toward the executive position (Glass Ceiling Commission, 1995). While The Civil Rights Act of 1991 discovered intentional employment discrimination, the commission only addressed employment practices in the corporate world (Gibelman, 2000); thus, ignoring women working in the public and nonprofit sectors.

Current Legislative Efforts

Most recently, in 2009, the Lilly Ledbetter Fair Pay Act was enacted, clarifying that discrimination claims accrue each time an employee receives an inequitable paycheck (National Women's Law Center, 2010). Additionally, legislators are proposing two additional bills to strengthen current wage discrimination protection: the Paycheck Fairness Act and Fair Pay Act. Both of these acts would increase employers' liability and provide greater protection for employees. They would also require annual reporting on the method, systems, and calculation for setting wages.

State Laws

In addition to federal legislation, each state may have its own pay equity or anti-discrimination laws; however, Reese and Warner (2011) found that many people (even state officials) were unsure or lacked consensus on the existence of these laws. Despite the recent buzz and activity around pay equity, most state bills that pass are commemorative or symbolic, for instance the enactment of Equal Pay Days (Reese & Warner, 2011).

The Cumulative Impact of Legislation

Nevertheless, Gibelman (2000) notes that the abundance of legislation should suggest overt employment discrimination is illegal but, in reality, there are still regularly documented cases of discrimination for women in hiring, advancement, and equal pay. Leutwiler and Kleiner (2013) support this notion citing that even though federal laws have been designed to protect employees from discrimination, lawsuits are filed against employers every day.

Despite legislative action, gender pay equity in the workplace remains an issue. While the size of the gender wage gap has shrunk slowly (but inconsistently) over time, some research suggests progress is stalling (Jones, 2013; Kulow, 2013). While the gender wage gap narrowed

in the 1980s to about 70 cents on the dollar, the trajectory was not sustained during the 1990s (Feder & Levine, 2010). The wage gap thus far during the 2000s has also narrowed modestly, but to a lesser degree than during the 1980s. After shrinking steadily, the gap has since remained much the same (Feder & Levine, 2010). Kulow (2013) asserts that progress toward closing the wage gap has stalled, in part because legislative efforts have failed. Reese and Warner (2011) concluded the current legislation will continue to be ineffective and inadequate until it is enforced and bolstered by additional anti-discrimination legislation. Similarly, Feder and Levine (2010) noted that since the wage gap has narrowed by less than 20 percentage points over the past four decades, many in the public policy community are advocating for additional legislative action.

Why the Wage Gap Matters

Without equitable pay, women have fewer resources to support themselves and their families. In fact, research suggests that a woman who graduates from college today will earn \$700,000 less over her lifetime than a man graduating at the same time (Corbett & Hill, 2012). This is because just one year after college graduation, women's compensation is 18% lower than their male peers. Ten years after graduation, women's wages were an average 31% lower than their male counterparts' wages (Corbett & Hill, 2012).

The nonprofit sector is critical to ensuring quality of life as it provides critical services that cannot and will not be provided by either the for-profit or public sector (Davies, 2011). Women play a critical role to this sector; therefore, ensuring this population is paid fairly and equitably will benefit every citizen who believes food banks, animal shelters, art museums, and after-school programs should continue to exist. Closing the wage gap is critically important to ensuring women, children, families, and communities are resourced fairly.

Summary and Conclusions

Historically, many women became involved with charitable work as a way to establish their own identities outside of their traditional roles in the home. Thus, there is a natural connection between the growth women in the workplace and the evolution of the nonprofit sector. Yet, despite the fact that both women and principles of justice dominate the nonprofit sector, there is still a pervasive gender wage gap. This suggests that women have clearly been undervalued for their contributions to improving national welfare.

Several studies in both the for-profit and nonprofit sectors have attempted to explain the gender wage gap on the basis of organizational characteristics (i.e. women tend to run smaller organizations) and individual characteristics (i.e. women are less educated and have less leadership ambition). However, the preponderance of research suggests that a gender wage gap continues to exist even when controlling for these variables. Therefore, women's low self-efficacy expectations should be considered as another possible explanation for women's persistent disadvantaged position in the workforce.

Gender role socialization and veiled messages from teachers and family members influence the capabilities children choose to develop. If low self-efficacy inhibits females' perception of their abilities, they are unlikely to persist in challenging courses such as math and science; thus, limiting their ability to pursue more high-powered, high-earning occupations. Although some career counselors are utilizing self-efficacy assessments, the practice needs to become more ubiquitous as it offers an opportunity for females to overcome low self-efficacy beliefs and better value their own skills and abilities.

When compared to the for-profit sector, nonprofit organizations offer women greater flexibility, diversity of job duties, and opportunities for advancement. Despite this, women are

still paid less than their male counterparts and are underrepresented in positions of leadership. This remains true at a time when more and more families are relying on women's paychecks. Clearly, idealistic notions of nondiscriminatory practices and legal protections have failed to equalize pay between men and women working in nonprofit organizations. Therefore, more research needs to be devoted to exploring the variables that affect compensation in the nonprofit sector.

Chapter three describes the methodology employed to answer the research questions. Chapter three addresses sampling procedure, the research design, instrumentation, data collection, design validity and reliability, and data analysis.

Chapter III - Methodology

The purpose of this study was to explore how various organizational, demographic, and individual characteristics affect nonprofit compensation. Based on a review of the literature, the organizational characteristics identified as potentially related to compensation are organizational size, in terms of number of employees, budget size (Argarwal, 1981; Deckop, 1988; Galle & Walker, 2014; Grasse et al., 2014; Oster, 1998), the board of directors' gender composition (Bell, 2005; Shin, 2012), and type of organization (Galle & Walker, 2014; Hallock, 2002; Oster, 1998). The demographic and individual characteristics identified as potentially related to compensation are the executive's professional background, in terms of prior work experience, and field of study (Argarwal, 1981; Oster, 1998), educational attainment (Argarwal, 1981), and gender (Albanesi & Olivetti, 2008; Bertand & Hallock, 2001; Oster, 1998; Preston, 1990; Shin, 2012). Additionally, self-efficacy may have an impact on executive compensation (Hackett & Betz, 1981).

The study utilized a national registry of nonprofit organizations to draw a stratified sample of 200 organizations in southwestern Pennsylvania. For each of those organizations, compensation data was collected from the required and publicly available tax returns. Finally, a questionnaire was sent to each organization's executive in the sample to determine the organization's size, the composition of the board, the executive's educational and professional background, and the executive's self-efficacy rating. The dependent variable, compensation level, is defined by annual salary, plus other estimated compensation (such as signing bonuses, performance bonuses or deferred compensation) from the organization or related organizations. Organizational characteristics, demographic characteristics, and self-efficacy ratings, as measured by the General Perceived Self-Efficacy Scale, were evaluated to determine what effect,

if any, each has on the amount of compensation a nonprofit executive receives. The specific research questions addressed were:

Research Questions

RQ1: What is the relationship between organizational characteristics (including number of employees, budget size, the board of director's composition, and type of organization) and executive compensation in nonprofit organizations in southwestern Pennsylvania?

RQ2: What is the relationship between demographic characteristics of executives (including field of study, educational attainment, gender, and previous work experience) and executive compensation in nonprofit organizations in southwestern Pennsylvania?

RQ3: Can organizational or demographic variables be used to predict executive compensation?

RQ4: What is the relationship between the self-efficacy ratings, as measured by the General Perceived Self-Efficacy Scale, of nonprofit female executives in southwestern Pennsylvania and their compensation?

Research Design

Beginning in 2008, the Form 990 (the annual return tax-exempt organizations must file with the IRS) required new compensation disclosures for all tax-exempt organizations including the five current highest compensated employees other than officers, directors, or trustees earning more than \$100,000. In an effort to promote transparency, many organizations disclose the executive's salary even if it is not in excess of \$100,000. The researcher accessed the Form 990s for each organization in the sample via www.guidestar.com, an online resource that provides information to promote nonprofit transparency.

For each of the 200 selected organizations, Guidestar and the Form 990 provided the organization's annual revenues, type of organization, and the executive's name. The name allowed the researcher to ascertain the executive's gender. If a name did not indicate gender, an Internet search was performed to locate biographies or articles in an effort to determine gender. If the executive's gender could not be determined, the organization was eliminated from the study and another organization was randomly selected from the same strata. Each organization was given a unique identifier number to protect confidentiality. Eventually the data from the Form 990 was used to support the data from the questionnaire for each respective organization. This allowed the researcher to have a complete representation of the organizational, demographic, and individual characteristics that may affect compensation.

Sampling Procedure

A stratified sample was used to collect results that represent a diverse segment of organizations (with varying budget size, age, and type). Stratified sampling is most often utilized in two circumstances. First, it may be used when homogenous subgroups can be segmented by a variable relevant to the dependent variable (McMillan, 1992). Second, when the population has important differences, a stratified sample may be used to ensure an adequate sample is selected from each subgroup (McMillan, 1992). For this study, a stratified sample is appropriate since the vast majority of the nonprofit sector is comprised of small nonprofit organizations with few or no paid employees (Salamon, 2012). According to the IRS, only a quarter of the 1.2 million registered organizations filed a Form 990 (required of organizations with \$25,000 or more in expenditures).

A population of nonprofit organizations was collected using the National Center for Charitable Statistics database (NCCS), which maintains a listing of all registered nonprofit

organizations by county. The listing also provides the organization's expenses and total assets as shown in Appendix B. The researcher retrieved a list of all nonprofit organizations that filed a Form 990 or 990-EZ for each county in the ten-county region. From this population institutions of higher education, hospitals, and private foundations were eliminated. These organizations tend to have regulatory bodies and extremely large budgets, and thus, the results would not be representative of the larger nonprofit sector. For instance, according to the University of Pittsburgh's 2013 Form 990, the university had \$2.2 billion in annual revenues and the chief executive was compensated more than \$800,000. UPMC, a local hospital system, had a nearly \$9 billion in annual revenues and the chief executive was compensated more than \$6 million (Twedt, 2013). This is in stark contrast to the rest of the sector, where 75% of nonprofit organizations have annual revenues below \$500,000 (Wing, Pollak, & Blackwood, 2008) and the average annual executive compensation is approximately \$118,000 (2014 Salary and Benefits Report, 2014).

Additionally, as previously cited, many organizations rely primarily on volunteer or donated service (Salamon, 2012). However, there is no literature to suggest the budget at which organizations transition from being led by volunteers to being led by paid staff. Therefore, a modified Delphi technique was used to elicit this information.

The Delphi technique employs a panel of experts to gather information when that information is not available (Skuutsch & Hall, 1973). Linstone (1978) found this technique to be most appropriate when a problem can benefit from collective and independent knowledge. In other words, the Delphi technique allows each expert to state their opinion independently and anonymously, thus, eliminating the possibility of outside influences.

For this study, a panel of five experienced nonprofit management experts were

purposefully selected. The panelists participated via email. Each was asked the following question: What is the budget size at which nonprofit organizations transition from being volunteer-run (or sparsely staffed) to hiring a paid full-time executive?

The results of the modified Delphi technique are as follows:

Table 1

Results of Modified Delphi Technique

Name	Position	Qualifications	Response
Respondent #1	senior consultant, nonprofit management support organization	Served more than 15 years assisting nonprofit organizations in policy analysis and the use of databases for process improvement.	\$200,000
Respondent #2	organizational development and finance consultant, nonprofit management support organization	A recent graduate of the University of Pittsburgh's Graduate School of Public and International Affairs. Consults with organizations to ensure financials are used appropriately in strategic decision-making.	\$200,000
Respondent #3	executive director, organizational development and finance	Founded and served as executive director for three nonprofit consulting agencies. She has consulted with more than 700 nonprofits and served on 33 boards of directors. Peggy was also named to the national Nonprofit Times Top 50 for Power and Influence.	\$100,000
Respondent #4	program director, organizational development and finance	Founding executive director of a nonprofit organization.	\$100,000

Respondent #5	partner, accounting firm	Served 40 years as a public accountant, specializing in nonprofit accounting.	\$100,000 - \$125,000
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The modified Delphi technique revealed that organizations with budgets between \$100,000 to \$200,000 begin to hire and compensate an executive. Since the responses ranged from \$100,000 to \$200,000, the mid-point (\$150,000) was selected as the lower limit for this study. Therefore, since organizations with budgets (as defined by total expenses) below \$150,000 are unlikely to have a paid staff, those organizations were excluded from the study.

From this compiled dataset of nonprofit organizations the sample was stratified by budget or total expenses. A proportional number of organizations was randomly selected from each strata as shown in Table 2. However, additional organizations were added to the sample for organizations with budgets below \$250,000 and organizations with budgets above \$950,000 to ensure adequate sampling of in the top and bottom budget ranges. Adding additional organizations also increased the sample size to 200 organizations, as Sudman (1976) recommends a sample size of 200-500 for regional surveys with few groups.

Table 2

Stratified Sample of Western PA Nonprofit Organizations with Budgets Equal to or Exceeding \$150,0000

Budget Range	Number of Nonprofits	Percentage Selected	Number of Organizations to be Randomly Surveyed
< \$150,000*			
\$150,000 to 249,999	220	20% plus 33% of 20% or 26%	57
250,000 to 349,999	146	13%	19
350,000 to 549,999	129	11%	14
550,000 to 949,000	160	14%	22
\$950,000 to \$2,049,999	165	15% plus 33% of 15 % or 20%	33
\$2,050,000 to \$7,049,999	169	15% plus 33% of 15 % or 20%	34
>\$7,050,00	130	12% plus 33% of 12 or 16%	21
Total	1,119		200

* Eliminated from study due to absence of compensation data.

Informed Consent

Prior to the start of this study, approval for the inclusion of human subjects was obtained from the Robert Morris University's Institutional Review Board (IRB). Immediately before participating in the study, a cover letter was sent electronically to each executive explaining the study and inviting them to participate in the study (Appendix C). The informed consent provided information about the study's intended purpose, possible risks, confidentiality, and the right to withdraw from the study at any time. At the conclusion of the informed consent, participants were instructed to click "I agree" to indicate their consent. If the participants clicked "I do not agree," they were excluded from the study.

Appropriateness of Design

A cross-sectional survey research design was used to test the research questions. A

cross-sectional design involves the collection of data from a random sample at one point in time (Wiersma & Jurs, 2005).

The research study addressed one dependent variable, compensation, and several independent variables about the organization including the size and type of nonprofit and the individual executive including gender, educational background, and self-efficacy rating. The goal of the study was to explore which variables have an impact on executive compensation, particularly as it related to gender of the executive.

According to Wiersma and Jurs (2005) non-experimental survey designs are the most frequently employed research methodologies in social sciences because they allow measurement of variables in natural settings. Researchers use quantitative survey methodologies when the research purpose is to examine the relationship between variables through the collection of data (Creswell, 2005). Understanding how variables impact compensation requires only a one-time collection of data from a sample population.

Instrumentation

A literature review was conducted on nonprofit compensation prior to data collection. Although an effort was made to locate an existing instrument, the study of nonprofit executive compensation has been the subject of limited research. Therefore, no existing survey instrument was suitable in its entirety. Consequently, a questionnaire (Appendix A) was developed by the researcher to collect information about organizational and individual characteristics. The purpose of the tool was to gather information about the organization, the composition of the board, the executive's educational and professional background, and also the executive's self-efficacy rating.

Measurement of Self-Efficacy

As evidenced in the literature review, research largely suggests the low levels of self-efficacy inhibit motivation to persist in career-related tasks and limit women's career opportunities. While there is no conclusive evidence to suggest low levels of self-efficacy have contributed to the persistence to the gender wage gap, self-efficacy should be considered an important variable in defining an individual's career choice and development. Therefore, to measure self-efficacy Schwarzer and Jerusalem's (1995) *General Perceived Self-Efficacy Scale* (GSE) was employed. Originally developed in Germany in 1981, the 20-item scale was later reduced to a 10-item scale and has been translated into 28 languages (Schwarzer & Jerusalem, 1995). The scale assesses self-beliefs as a dimension of an individual's personality, instead of self-efficacy in a specific situation (Bandura, 1992; Schwarzer & Jerusalem, 1995). This scale is a universal construct, as it characterizes a basic belief shared across cultures (Luszczynska et al., 2005).

The GSE study is a widely used measure, which has been proven to be reliable and valid in several studies (Schröder, Schwarzer, & Konertz, 1998; Schwarzer, Mueller & Greenglass, 1999). Scholz, Doña, Sud, & Schwarzer (2002) found the GSE to be, "reliable, homogenous, and unidimensional across 25 nations" based on "internal consistencies, item-total correlations, factor loadings, and fit indices" (p. 249). The GSE has yielded internal reliability between $\alpha = .75$ and $.91$ (Scholz et al., 2002). Nunnally (1978) concluded an α greater than 0.7 to be an acceptable reliability coefficient. Other longitudinal studies have provided strong evidence of another form of reliability: retest reliability. For example, a study of 246 cardiac patients tested before surgery and again one year after surgery revealed a retest-reliability of $r = 0.67$ (Schröder et al., 1998). Schwarzer and Hallum (2008) employed the scale two times over one year with 192

teachers in order to better understand the relationship between self-efficacy and job stress. The study had a retest reliability of $r = 0.76$. Additionally, the GSE has demonstrated evidence of construct validity as it positively correlates with self-esteem and optimism, and negatively correlates with depression and anxiety (Schwarzer et al., 1999).

Table 3

Schwarzer and Jerusalem's (1995) 10-item General Perceived Self-Efficacy Scale.

	<i>Not at all true</i>	<i>Hardly true</i>	<i>Moderately true</i>	<i>Exactly true</i>
I can always manage to solve difficult problems if I try hard enough.				
If someone opposes me, I can find the means and ways to get what I want.				
It is easy for me to stick to my aims and accomplish my goals.				
I am confident that I could deal efficiently with unexpected events.				
Thanks to my resourcefulness, I know how to handle unforeseen situations.				
I can solve most problems if I invest the necessary effort.				
I can remain calm when facing difficulties because I can rely on my coping abilities.				
When I am confronted with a problem, I can usually find several solutions.				
If I am in trouble, I can usually think of a solution.				
I can usually handle whatever comes my way.				

In addition to the GSE, the questionnaire included four questions to gather data about the organization's characteristics and five questions to gather data about the executive's characteristics, as shown in Table 4.

Table 4

Questionnaire Items and Type of Characteristic Measured

Item	Type of Characteristic
Respondent (Executive's) Gender	Individual
Gender of the Board Chair	Organizational
Total Number of Board Members	Organizational
Total Number of Board Members, Female	Organizational
Total Number of Employees	Organizational
Years in Current Position	Individual
Prior Experience	Individual
Educational Attainment	Individual
Field of Study	Individual

Data Collection

From Guidestar and the Forms 990, the researcher retrieved the type of organization, the annual revenues, the executive's gender and the executive's annual compensation (including the amount of other estimated compensation from the organization and related organization). To be included in the study, the executive's salary 1) had to be disclosed on the Form 990 and 2) the executive had to work at least 35 hours per week. If either of these variables was not satisfied, the organization was omitted and another organization was randomly selected from the same strata.

All of the 200 sampled organization's chief executives were surveyed to determine their organizational characteristics, demographic characteristics, and self-efficacy rating. When possible, the data were collected via QuestionPro, a web-based software used to create and distribute surveys. The researcher accessed organization's websites to ascertain the executives email addresses in order to distribute the questionnaire. If the executive's email address could not be ascertained, a paper version of the informed consent form and questionnaire were sent via mail.

In the electronic format, after the study participants submitted their informed consent, they were able to advance to the electronic questionnaire. As the participants returned the questionnaire, any identifying information was coded for the purpose of confidentiality.

Design Validity and Reliability

For the study, internal validity was assessed in several ways. A well-constructed instrument improves a study's internal validity. Therefore, a portion of the questionnaire included a validated instrument (the *General Perceived Self-Efficacy Scale*).

Additionally, non-response is a threat to validity. This occurs when participants who have been selected to participate fail to take part in the study and would provide a different result than those who do not respond (Onwuegbuzie, 2000). This can lead to a smaller sample size and a less representative sample that could limit the conclusions drawn from the collected data. Kaplowitz, Hadlock, and Lecvine (2004) found that sending a pre-survey postcard increased the response rate among web survey and mailed hard copy questionnaires. Additionally, a reminder mail notification had a positive effect on web survey response rate (Kaplowitz et. al. 2004). Therefore, in order to combat non-response, the researcher sent an introductory post-card one week prior to sending the survey to selected participants. After the survey was sent, each respondent had two weeks to complete the questionnaire. Timely and professional follow-ups are essential for increasing the response rate of mailed or electronic questionnaires (Wiersma & Jurs, 2005). Therefore, a follow-up email was sent to each participant who failed to complete the questionnaire two days after the deadline passed. Finally, follow-up phone calls were made two weeks after the survey deadline has passed. For those who did not respond, the researcher will make noninvasive phone calls on a weekend to each executive's office and left a voicemail reminder. Additionally financial incentives are effective in increasing response rates in all

modes of surveys (Singer, 2002). All participants were entered in a drawing in which a \$100 donation was made to the charitable organization of their choice.

In almost every study, researchers have to carefully consider the specificity of variables (Onwuegbuzie, 2000). To overcome this threat, the researcher must operationally define variables in a manner that is meaningful to people outside of the study (Onwuegbuzie, 2000). Although efforts were made to collect a representative sample and clearly define the dependent variable, caution needs to be exercised in generalizing the results to other regions. Nevertheless, the consistency of data collection, the detailed methodology, and operationalization of the variables promotes procedural reliability which increases the chance that this study could be replicated in another geographic region (Wiersma & Jurs, 2005).

Data Analysis

After all of the data were collected, electronic surveys were exported and organized for analysis. The data were imported to SPSS for analysis. Descriptive statistics were computed for all survey items and are presented in Chapter 4. The self-efficacy scale was scored in accordance with its scoring procedure and each respondent received a mean self-efficacy score.

Next, significance testing was performed to determine which, if any, of the demographic or organizational characteristics were related to compensation. Independent samples t-tests were performed to compare differences between demographic groups on various interval and ratio level variables. For continuous variables, correlations were performed. Additionally, an exploratory multiple linear regression model building process was performed in order to construct an explanatory model, including both individual and organizational of executive compensation as strong enough relationships existed among the independent variables and dependent variable.

Summary and Conclusions

The purpose of this study was to explore how various organizational, demographic, and individual characteristics affect nonprofit compensation using a stratified sample of 200 organizations in southwestern Pennsylvania. For each of those organizations, compensation data was collected from the required and publicly available tax returns. Next, a questionnaire was sent to each organization's executive in the sample to determine the organization's size, the composition of the board, the executive's educational and professional background, and the executive's self-efficacy rating. Finally, the independent variables, as measured by the questionnaire, were evaluated to determine what effect, if any, each had on nonprofit executive compensation.

Chapter IV will provide a summary of the results of the procedures and data collected as discussed in this chapter.

Chapter IV- Results

Research on the determinants of nonprofit executive compensation (Grasse et al., 2014; Hallock, 2002; Herzlinger, 1994; Oster, 1998) has been minimal. This study surveyed a random sample of regional nonprofit executives to ascertain their organizational, demographic, and individual characteristics. The participants in this study responded to a brief questionnaire that included questions about their organization, demographics, and the General Perceived Self-Efficacy Scale (GSE; Schwarzer & Jerusalem, 1993). The GSE is used to measure individuals' self-efficacy levels across various settings. The respondents received a mean self-efficacy score, in accordance with its scoring procedure. The participants' responses and GSE scores were then matched with data reported on the IRS Form 990, including the organization's National Taxonomy of Exempt Entities (NTEE) code, the organization's ruling year, the executive's gender, the executive's compensation, and the board chair's gender.

Data Collection

Using the National Center for Charitable Statistics (NCCS) database, the full listing of all registered nonprofit organizations in Southwestern Pennsylvania was compiled. From the list, hospitals, institutions of higher education, and foundations were excluded. A stratified random sample of 200 regional nonprofits organizations was to be selected to participate in the study. The intention was ensure a more representative sample was extracted from each of the strata within the sample; however, only 40 of the 220 organizations in the lowest budget stratum reported compensation data. The original sampling procedure indicated 57 organizations should be included in the bottom stratum. As a result, a quota sampling procedure was employed to ensure the sample size was 200. The remaining 17 sample organizations were proportionally added to the other strata. The intended sampling procedure and the actual sampling procedure is

depicted in Table 5.

Table 5

Stratified Sample of Western PA Nonprofit Organizations with Budgets Equal to or Exceeding \$150,0000

Budget Range	Number of Nonprofits	Percentage Selected	Number of Organizations to be Randomly Surveyed	Number of Organizations Surveyed
< \$150,000*	220	(20% plus 33% of 20% or) 26%	57	40
\$150,000 to 249,999	146	13%	19	21
250,000 to 349,999	129	11%	14	16
350,000 to 549,999	160	14%	22	25
550,000 to 949,990	165	(15% plus 33% of 15 % or) 20%	33	37
\$950,000 to \$2,049,999	169	(15% plus 33% of 15 % or) 20%	34	38
\$2,050,000 to \$7,049,999	130	(12% plus 33% of 12) or 16%	21	23
>\$7,050,00	1,119		200	200

* Eliminated from study due to absence of compensation data.

For executives with email addresses, an informed consent form and questionnaire were sent electronically. For those without email addresses, the informed consent form and a paper copy of the survey were mailed to the organization. If an email address was undeliverable, a paper copy of the survey was mailed to the participant. In total, 185 surveys were sent electronically and 15 were sent via mail. Six mailed surveys sent via mail were returned as undeliverable. Therefore, Form 990 data were compiled for 194 organizations. Seventy-six questionnaires were completed, 74 electronically and two on paper, for a response rate of 39%. Baruch (1999) suggested a response rate of 36% for questionnaires aimed at top management. It

should be noted in the following results, when the sample size (n) is equal to or approximately 194, the data collected from the Form 990 is being reported. When the sample size is equal to or approximately 76, the data collected from the questionnaire is being reported.

Description of the Sample

As noted above, the sample was constructed by forming seven strata based on budget size. As seen in the Table 6, Form 990 data were collected for every organization in the sample. The middle column represents the number of questionnaire responses. The last column represents the response rate in each stratum. As evidenced, the response rate ranged between 25-50%.

Table 6

Number of Organizations Sampled and Questionnaire Response Rate, by Strata

Budget Size	Form 990 (N)	Questionnaire (N)	Response Rate (%)
\$150,000 - \$249,999	38	19	50.0%
\$250,000 - \$349,999	20	7	35.0%
\$350,000 - \$549,999	15	5	33.3%
\$550,000 - \$949,999	25	12	48.0%
\$950,000 - \$2,049,999	34	12	35.3%
\$2,050,000 - \$7,049,999	38	15	39.5%
>\$7,050,000	24	6	25.0%
Total	194	76	39.0%

Total compensation. The data collected from the Form 990 documents for the sample revealed that total executive compensation ranged from \$22,958 to \$559,204. While the mean total compensation was \$102,469, the median total compensation was \$75,432 suggesting the data is skewed right as evidenced in Figure 1. Figure 1 shows the distribution executives' compensation in nonprofit organizations in southwestern Pennsylvania.

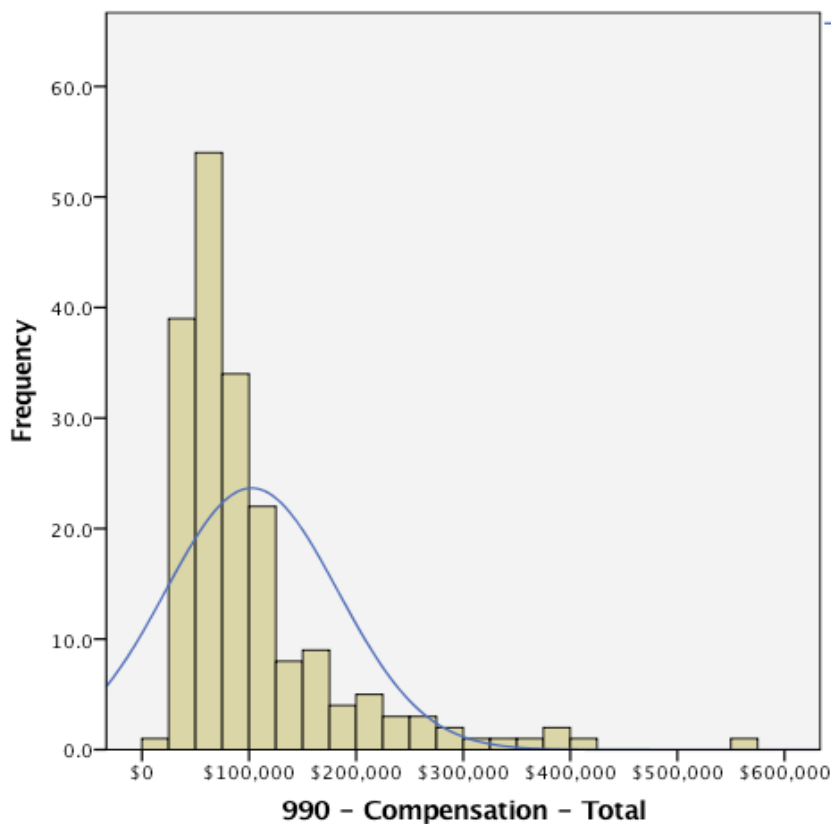


Figure 1. Distribution of executives' total compensation

Figure 2 shows that there was a clear upward trajectory when comparing the executive's total compensation and the organization's budget size. As organization's budgets grew, so did the average total compensation for nonprofit executives. In the smallest stratum, for organizations with budgets between \$150,000 and \$249,99, executive compensation was $M=\$47,434$, $SD=\$17,638$. While executives of nonprofit organizations with budgets over \$7,050,000 earned $M=\$224,081$, $SD=\$124,247$.

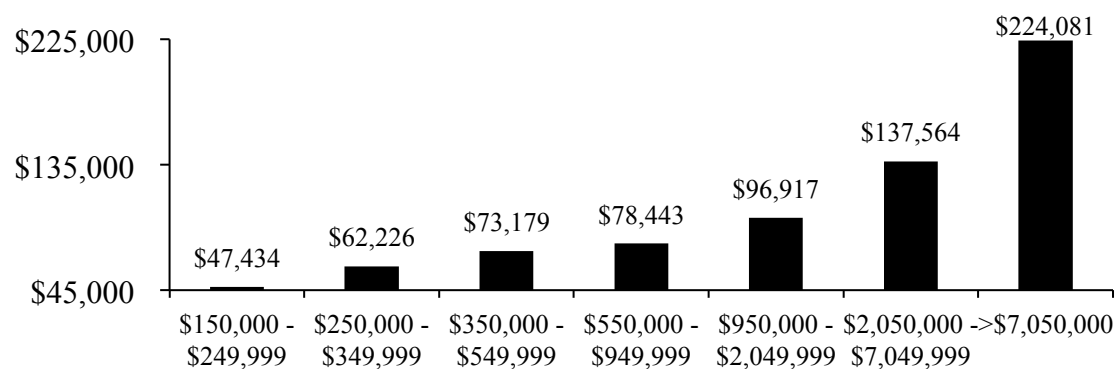


Figure 2. Total nonprofit executive compensation, by budget size

Gender. Both genders were represented in the responses, 54.1 % were female. Although female executives were well represented in the sample, they were more likely to lead small organizations. As seen in Figure 3, the highest percentage (73.7%) of female executives can be seen in organizations with the smallest budgets (\$150,000-\$249,999). The lowest percentages (39.4% and 41.7%) of female executives can be seen in organizations with budgets over \$2,050,000.

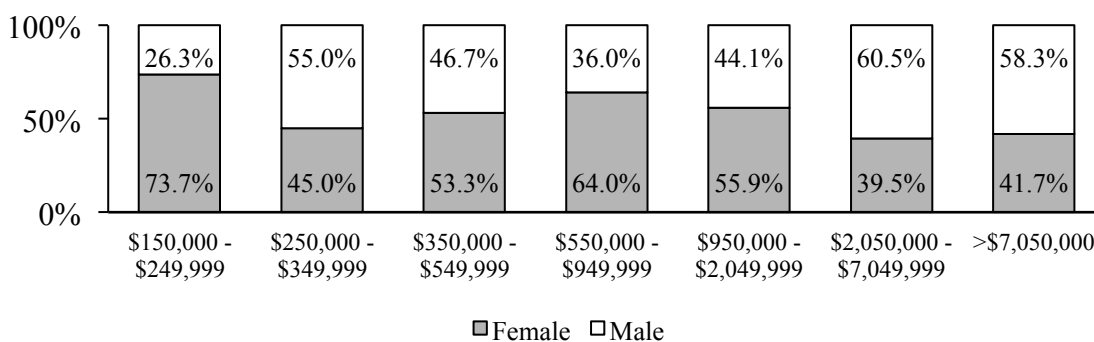


Figure 3. Gender of the organization's executive, by budget size

Overall, the chairperson of an organization's board was less likely to be female (29.2%) than male. Additionally, female board chairs, like female executives, were particularly underrepresented in organizations with budgets over \$7,050,000 where only 4.5% of these chairpersons were female. By contrast, almost a quarter (23.3%) of the board chairpersons for

smaller organizations (budget between \$150,000 and \$249,999) were female. The representation of female board chairs is even greater for organizations with budgets between \$250,000 and \$549,999. The distribution of board chairs by gender can be seen in Figure 4.

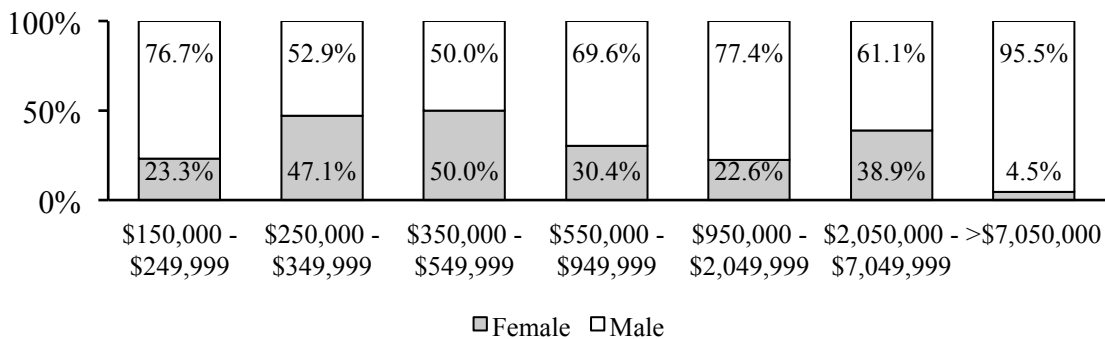


Figure 4. Gender of the organization's board chair, by budget size

Organizational leadership and staff. Although females were not typically serving as board chair, females were almost equally represented on boards of directors. The average board has approximately 15 members, of which 46.2% were female. As seen in Table 7, several organizations with large workforces skew the average number of employees. Therefore, using the median as a measure of central tendency, the median organization has 10 employees, of which six were full-time and four were part-time.

Table 7 shows other organizational and demographic descriptive statistics. For example, the respondents reported having high levels of educational attainment with nearly half of the sampled executives having a master's degree or higher (52.0%).

Table 7

Description of Sample by Organizational and Demographic Characteristics

Variable	N	M	SD	Median	25 th Quartile	75 th Quartile
Number of Board Members	76	14.55	8.39	13	9	19.50
Number of Female Board Members	76	6.45	3.99	6	4	8
Percentage of Female Board Members	76	46.21	17.29	45.23	33.33	53.33
Number of Full-Time Employees	76	21.62	47.29	6	2.50	18
Number of Part-Time Employees	75	12.95	37.55	4	1	10
Years in Current Position	76	10.47	8.04	8	4	16
Years in For-Profit Sector	60	7.17	8.47	4	.25	10
Years in Public Sector	53	3.34	8.03	9	0	1
Years in Nonprofit Sector	75	20.68	11.23	20	12	29
Time (Wks) out of Workforce for Caregiving	63	22	78	1	0	10

Overall, executives reported tenure in the nonprofit sector (M=20.68, SD= 11.23).

However, years of experience in the sector differed by organizational budget size. Figure 5 shows that executives from organizations with budgets between \$150,000 and \$249,000 reported less experience in the nonprofit sector (M=14.00, SD=11.50) than executives in organizations with larger budgets. Executives working at organizations with budgets between \$2,050,000 to \$7,049,999 reported the longest time in the nonprofit sector (M=26.00, SD=8.87).



Figure 5. Executives' years of experience working in the nonprofit sector, by budget size

Interestingly, many executives reported having little public sector working experience ($M=3.34$, $SD=8.03$). However, those working in organizations with budgets over \$2,050,000 reported more public sector experience ($M=7.25$, $SD=13.44$), compared to their peers in organizations with budgets between \$150,000-\$249,999 ($M=1.39$, $SD=3.45$). This trend is illustrated in Figure 6.

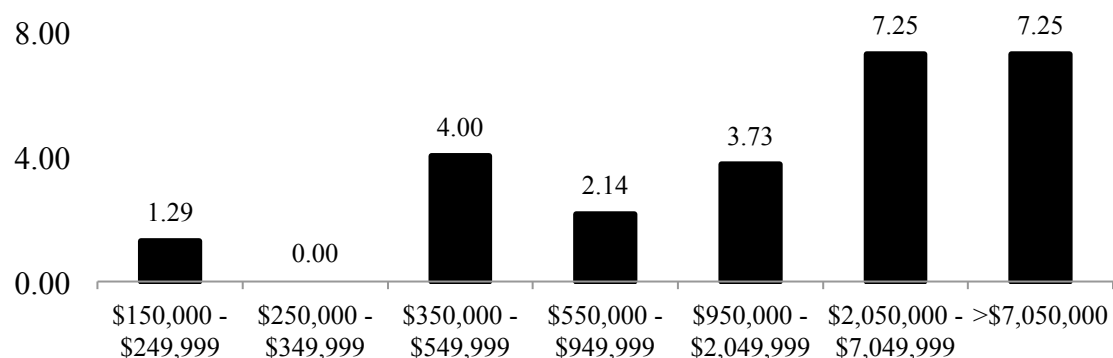


Figure 6. Executives' years of experience working in the public sector, by budget size

Exactly half of the sampled executives described themselves as joint contributors to the household income (50.0%). Only 9.5% of executives reported being secondary sources of household income. In order to determine if there was a relationship between contribution to household income and the organization's budget size, a chi-square test for independence was performed. A chi-square test determines if a relationship exists between two variables in a

population (Gravetter & Wallnau, 2013). Each sampled individual was classified by two independent variables. To examine the relationship between household income and organizational budget size, SPSS was used to compute a chi-square test of independence. The assumption that expected cell counts be at least five was met after combining categories to organizations with budgets below \$1 million and organizations with budgets greater than \$1 million. Additionally, the secondary source variable was excluded because the small sample meant the assumptions could not be met. The relationship between these was not significant, $\chi^2(1, N = 67) = 0.046, p = .831$. In short, Figure 7 shows that executives working at large organizations were not more likely to be primarily breadwinners than their peers at smaller organizations.

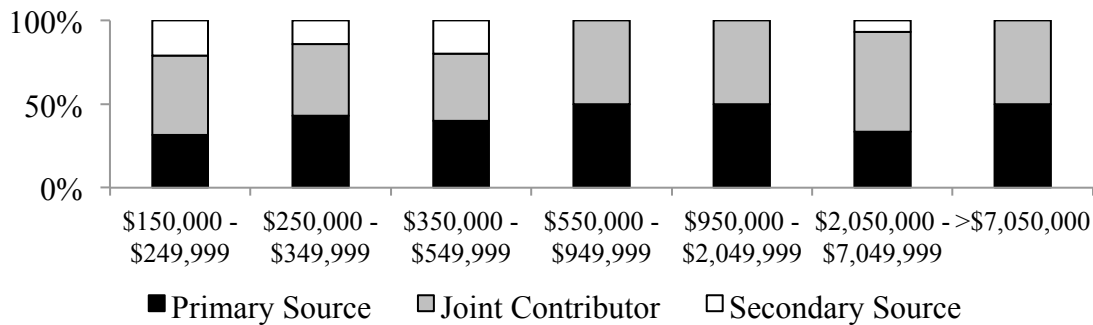


Figure 7. Executives' role in contributing to household income, by budget size

Similarly, a chi-square test for independence was computed to determine if there was a significant relationship between gender and contribution to household income. The assumptions of the test were met in the data. Once again, the results suggest there is no relationship between gender and household contribution, $\chi^2(1, N = 67) = 0.842, p < .359$. Thus, males were not more likely to be primary sources of household income, as seen in Figure 8.

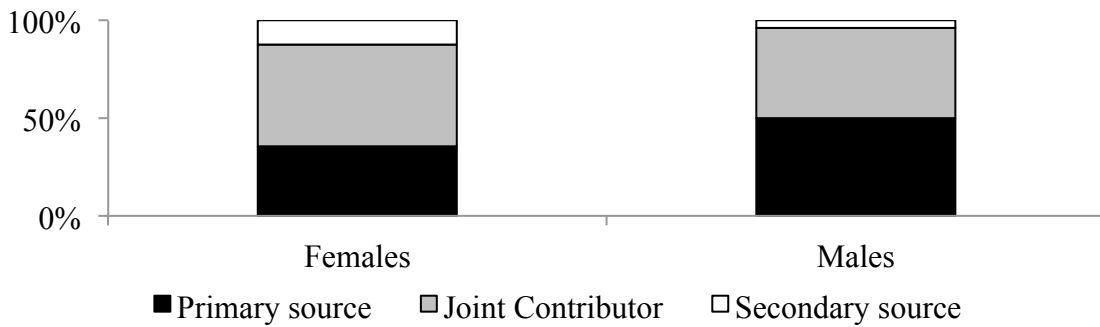


Figure 8. Executives' role in contributing to household income, by gender

Two children was the most frequently reported number of children (29.7%). Despite the fact that a majority of the respondents have children (73.0%), most (69.3%) reported never taking four weeks or more off work to care for their children or a family member. However, it should be noted that females were significantly more likely to take time out of the workforce for caregiving, as no men reported taking time off for caregiving. This is evidenced in Table 8.

Table 8

Executives' Time Out of the Workforce for Caregiving Responsibilities, by Gender

# of Times >4 Weeks Off	Females		Males	
	N	%	N	%
0	26	50.0%	26	50.0%
1	6	100.0%	0	0.0%
2	9	100.0%	0	0.0%
3	4	100.0%	0	0.0%
4	1	100.0%	0	0.0%
Total	46	63.9%	26	36.1%

In sum, the descriptive statistics indicate both genders were nearly equally represented in the sample. However, females were more heavily represented as executives of smaller organizations. Females were also less often characterized as board chairs and were proportionally underrepresented as board chairs of larger organizations and overrepresented as board chairs of smaller organizations. Additionally, the respondents reported high levels of

educational attainment and long-tenure in the nonprofit sector. While most reported having children, the males were significantly less likely to have taken extended time out of the workforce to care for their children.

RQ1: The Relationship between Organizational Characteristics and Executive Compensation

This research question seeks to determine the relationship between organizational characteristics (including number of employees, budget size, the board of director's composition, and type of organization) and executive compensation in nonprofit organizations in southwestern Pennsylvania. In order to answer the question, a bivariate correlation procedure was conducted using SPSS to analyze the association for each of the variables and compensation.

A correlation is used to describe the relationship between two co-occurring variables (Gravetter & Wallnau, 2013). For this research question, the relationship between total compensation and an organizational variable such as budget, number of employees, size of the board of directors, or age of the organization was evaluated using the appropriate correlation statistic. For this study, correlation was measured using Pearson or Spearman. The Pearson correlation statistic evaluates the linear relationship between two continuous variables (e.g., height and weight) (Artusi, Verderio, & Marubini, 2002). The Spearman correlation statistic also evaluate a relationship between variables, however, this coefficient is used when at least one of the variables is an ordinal level variable. (e.g., age and level of education) (Artusi et al., 2002).

As shown in Table 9, several variables were significantly, positively, and moderately related to total compensation, including budget size, $r(189) = .599, p < .001$, the total number of full-time employees employed, $r(74) = .483, p < .001$, and the total number of board members $r(74) = .389, p < .001$. Additionally, while the strength of the relationship was weak, there was a

significant negative relationship between the total percentage of female board members and total compensation, $r(74) = -.276, p = .020$.

Table 9

Correlation of Organizational Variables to Total Executive Compensation

Variable	990 - Compensation - Total		
	n	r	sig
990 – Expenses	191	0.599	0.000
Approximately how many full-time employees work at your organization?	76	0.483	0.000
What is the total number of members currently serving on your board?	76	0.389	0.001
What is the percentage of board members who are female?	76	-0.276	0.016
What is the total number of members currently serving on your board who are female?	76	0.211	0.067
Approximately how many part-time employees work at your organization?	75	0.121	0.302
990 - Ruling Year	191	-0.010	0.893

Additionally, as seen in Table 10, total executive compensation varied by organizational type (as defined by the NTEE). Executives of public, societal benefit nonprofits (which includes organizations that provide programming in civil rights and liberties, community improvement, philanthropy, volunteerism, and voter education) earn more ($M=142,274$, $SD=\$135,379$) than executives work in the arts ($M=\$65,629$, $SD=\$17,993$).

Table 10

Total Executive Compensation, by NTEE Classification

Category	N	M	SD	Median	25 th Quartile	75 th Quartile
Public, Societal Benefit	22	\$142,274	\$135,379	\$81,892	\$69,097	\$126,500
Health	27	\$130,169	\$102,344	\$85,144	\$61,922	\$149,533
Human Services	73	\$99,881	\$65,736	\$74,305	\$57,637	\$120,735
Education	36	\$91,261	\$62,033	\$74,668	\$46,070	\$112,945
Environment and Animals	6	\$80,542	\$43,575	\$76,350	\$40,780	\$116,899
Religion Related	11	\$73,952	\$39,304	\$65,990	\$49,515	\$88,840
Arts, Culture, and Humanities	10	\$65,974	\$29,102	\$57,900	\$45,900	\$91,500
International, Foreign Affairs	6	\$65,629	\$17,993	\$65,592	\$48,000	\$82,486

In summation, total budget size and total number of full-time employees were positively and significantly related to higher levels of total compensation. These relationships were moderately strong. The total number of board members and a greater percentage of male board members was also positively and significantly related to higher levels of total compensation; however, the relationship was relatively weak. Furthermore, the organization's NTEE classification impacted the executives' total compensation.

In addition to analyzing the data to understand the impact of organizational variables on executive compensation, the study also considered the impact of demographic characteristics on executive compensation.

RQ2: The Relationship between Demographic Characteristics and Executive Compensation

This research question sought to determine the relationship between demographic characteristics (including gender, previous work experience, educational attainment, and family responsibilities) and executive compensation in nonprofit organizations in southwestern

Pennsylvania. In order to answer the question, a bivariate correlation procedure was conducted using SPSS to analyze the association for each of the variables and compensation.

Table 11 shows two demographic variables were significantly and positively related to total compensation. Foremost, respondents with more years of experience in the government sector reported higher total compensation, $r(51) = .332, p = .015$. Likewise, the more years of experience in the nonprofit sector, the higher total compensation, $r(73) = .289, p = .012$. While these variables were found to be statistically significant, the strength of both relationships was low. Additionally, there was no significant relationship between the total years of experience in current position and total compensation, $r(74) = .103, p = .377$.

Table 11

Correlation of Demographic Variables to Total Executive Compensation

Variable	990 - Compensation – Total		
	n	r	sig
Years of experience - public (government) sector?	53	0.332	0.015
Years of experience - nonprofit sector?	75	0.289	0.012
Time (in weeks) you have taken out of the workforce to care for your children?	63	-0.143	0.263
Years have you been employed in your current position?	76	0.103	0.377
Years of experience - for-profit sector?	60	-0.065	0.622

Interestingly, there is no relationship between level of educational attainment and total compensation. Those with a Master's degree or higher ($M = \$90,314$, $SD = \$56,195$) did not earn significantly more than those with a bachelor's degree or lower ($M = \$74,526$, $SD = \$41,078$), $t(73) = -1.397, p = .167$. In order to determine this an independent samples t-test was performed. This test allows a researcher to compare the difference in means between two groups within the same group of participants (Gravetter & Wallnau, 2013).

While educational attainment made little impact on compensation, gender was found to be a significant variable. In this particular case the average total compensation was calculated for males and females. The means were then compared to determine if they were significantly different from one another. An independent samples t-test revealed that female executives have significantly lower levels of total compensation ($M=\$82,619$, $SD=\$64,099$) when compared to their male counterparts ($M=\$126,702$, $SD=\$91,593$), $t(147)=3.77$, $p < .001$. Figure 9 shows the difference to female and male executives' average total compensation.

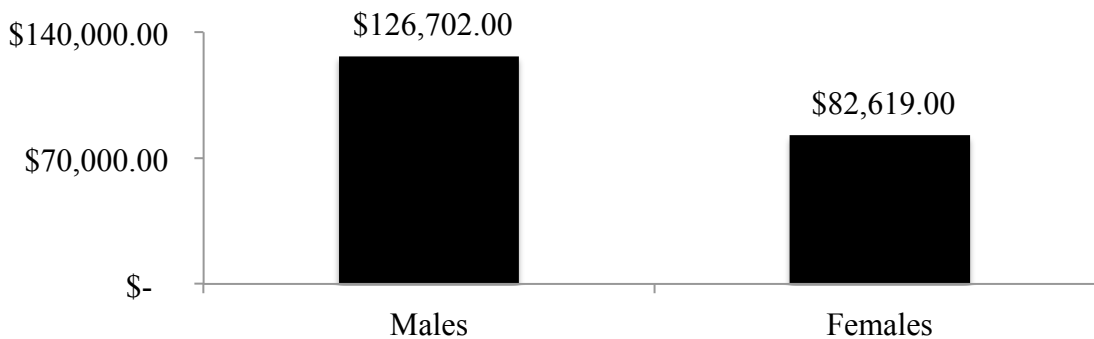


Figure 9. Bar graph of female and male executives' average total compensation

Male executives earned more than female executives overall and within every strata in the study. This can be seen below in Table 12.

Table 12

Average Total Executive Compensation, by Gender and Budget

Budget	Executive Gender	N	M	SD
\$150,000 - \$249,999	female	28	\$43,984.18	\$15,937.816
	male	10	\$57,094.20	\$19,394.862
\$250,000 - \$349,999	female	9	\$51,878.56	\$15,240.836
	male	11	\$70,691.64	\$25,546.785
\$350,000 - \$549,999	female	8	\$58,357.38	\$16,003.684
	male	6	\$92,941.50	\$48,624.400
\$550,000 - \$949,999	female	16	\$70,891.69	\$20,658.207
	male	9	\$91,867.56	\$70,069.306
\$950,000 - \$2,049,999	female	19	\$95,447.42	\$49,181.626
	male	15	\$98,778.47	\$29,001.748
\$2,050,000 - \$7,049,999	female	15	\$98,663.33	\$49,121.508
	male	22	\$164,087.73	\$74,264.478
	female	10	\$208,203.00	\$110,542.232
\$7,050,000+	male	13	\$236,295.23	\$136,985.922

When conducting gender analysis by strata, there were a relatively small number of data points in each cell. In order to combat this and to align with previous analyses, budget strata was aggregated into two categories, organizations with budgets below \$1 million and organizations with budgets greater than \$1 million. Subsequently a 2 (budget) x 2 (gender) ANOVA was performed to test the mean differences and any interaction between independent variables. The interaction between budget and gender was non-significant, $F(1, 187) = 1.117, p = .292, \text{partial } \eta^2 = .006$. However, there were significant main effects of both budget size, $F(1, 187) = 62.527, p < .001, \text{partial } \eta^2 = .251$ and gender, $F(1, 187) = 10.602, p = .001, \text{partial } \eta^2 = .054$. The mean differences were such that larger budgets and men had significantly higher executive compensation, as can be seen in Table 13.

Table 13

Average Total Executive Compensation, by Consolidated Budget Size

Gender	Budget	N	M	SD
Female	< \$1M	61	\$54,091.64	\$20,197.74
	>= \$1M	44	\$122,170.02	\$81,150.05
	Total	105	\$82,619.72	\$64,009.99
Male	< \$1M	37	\$75,946.14	\$43,743.06
	>= \$1M	49	\$165,029.49	\$99,677.54
	Total	86	\$126,702.93	\$91,593.25
Total	< \$1M	98	\$62,342.83	\$32,800.74
	>= \$1M	93	\$144,751.89	\$93,405.61
	Total	191	\$102,468.71	\$80,494.69

In sum, there was a positive and significant, but low correlation between higher levels of total compensation and years of experience in the public and nonprofit sectors. Additionally, gender was a significant variable in that, overall, male executives had significantly higher levels of total compensation than female executives.

In addition to determining if relationships existed between particular organizational and demographic variables and compensation, there was also a question of whether these variables could be used to predict nonprofit executive compensation.

RQ3: Using organizational or demographic variables to predict executive compensation.

Multiple linear regression is a statistical technique that can be used to predict an outcome or explain the variability seen in a particular collected outcome variable given multiple predictor variables. A forward iterative model building process was performed to develop a regression model with the greatest explanatory power for the variability in nonprofit executive income. Variables were entered into the model as predictors in a prescribed manner driven by the literature and by specific results obtained herein. Executive gender was entered first and remained in the model as it is central to this work. This variable also remained in the model

because the literature has shown discrepancy in compensation based on gender and because of the significant effect of gender found in the above ANOVA. Following gender, organizational variables were entered. Given the relatively larger effect organization size had on compensation as evidenced in the two-way ANOVA above, organizational variables were entered before individual ones. The relationships between organizational variables and total compensation can be seen in Table 14.

Table 14

Correlation of Organizational Variables to Total Executive Compensation

Variable	990 – Compensation - Total		
	n	r	sig
990 - Expenses	191	0.599	0.000
Approximately how many FULL-TIME employees work at your organization?	76	0.483	0.000
What is the total number of members currently serving on your board?	76	0.389	0.001
<i>What is the percentage of board members who are female?</i>	76	-0.276	0.016
Years of experience - public (government) sector?	53	0.332	0.015
Years of experience - nonprofit sector?	75	0.289	0.012

Significant collinearity existed between total number of board members and total number of female board members. Collinearity is a linear association between two predictive variables. In this case the total number of board members and the total number of female board members were so well correlated that their predictive effects interfered with one another. Because the number of female board members was consistently proportional to the total number of board members, this variable was excluded from the final model building process despite the significant bivariate relationship with total compensation. Similarly collinearity existed between number of full time employees and budget size, as both are essentially proxies for organizational size and complexity. As total budget has already been shown to be significantly related to

compensation and because it is a more direct measure of organizational size, it was included in the model and number of full time employees was excluded. Finally, previous work experience in the nonprofit and government sectors were entered into the model. The individual and organizational variables that led to the final model are shown in Table 15.

Table 15

Predictor in each Model

Model	Predictors	Outcome
1	Executive Gender	Total Nonprofit Executive Compensation
2	<i>Model 1 predictors</i>	
	Organization Budget	
	Number of Board Members	
3	<i>Model 2 predictors</i>	
	Years Experience Nonprofit Sector	
	<i>Years Experience Public Sector</i>	

In the initial model only gender was included as a predictor (Table 15). As previously mentioned, gender was included first as the effect of gender on compensation is central to this work and because previous analyses indicated it to be a strong predictor of compensation. Additional variables were entered as described above order to develop a final model with the greatest explanatory power. The final process included a total of three models with five predictor variables in the final model, all but one of which was significant. The final model was significant and accounted for approximately 53% of the variability in total executive compensation, $R^2_{adj} = .527$, $F(2, 46) = 4.266$, $p = .020$.

Table 16

Model Summaries

Model	R	R ²	R ² _{adj}	SEE	R ² δ	F δ	df1	df2	Sig. F δ
1	.273	0.075	0.056	\$78,203.30	0.075	4.032	1	50	0.050
2	.703	0.495	0.463	\$58,982.39	0.42	19.949	2	48	0.000
3	.757	0.574	0.527	\$55,337.04	0.079	4.266	2	46	0.020

A version of model 3 excluding gender was computed. However this model, $R^2_{adj} = .508$, $F(4, 46) = 13.923$, $p = .000$ fit the data less well than when model 3 included gender. Additionally, the theoretical importance of this variable, gender was included in the final model even though it was a non-significant predictor. In the alternative model 3, years of experience in the nonprofit sector was non-significant as well. A further model excluding both gender and years of experience in the nonprofit sector fit even less well, $R^2_{adj} = .485$, $F(3, 48) = 17.009$, $p = .000$.

Table 17 shows which variables in the final model were significant (each except for gender) and of these variables which was most important to explaining the variability in executive compensation, relative to the other variables in the final model. As evidenced, total budget was the most significant predictor, whereas gender, in the final model was a non-significant predictor of total compensation. Assumptions of collinearity, normality, and linearity were met.

Table 17

Predicting Total Executive Compensation from Organizational and Demographic Variables

Predictor	B	SE	Beta	t	Sig
Total Budget	.007	.002	.454	4.425	.000
Total Board Members	2788.138	962.611	.291	2.896	.006
Years of Experience in Government	2555.526	1071.606	.255	2.385	.021
Years of Experience in Nonprofits	1543.847	728.737	.215	2.119	.040
Gender	24538.907	1655.27	.152	1.482	.145

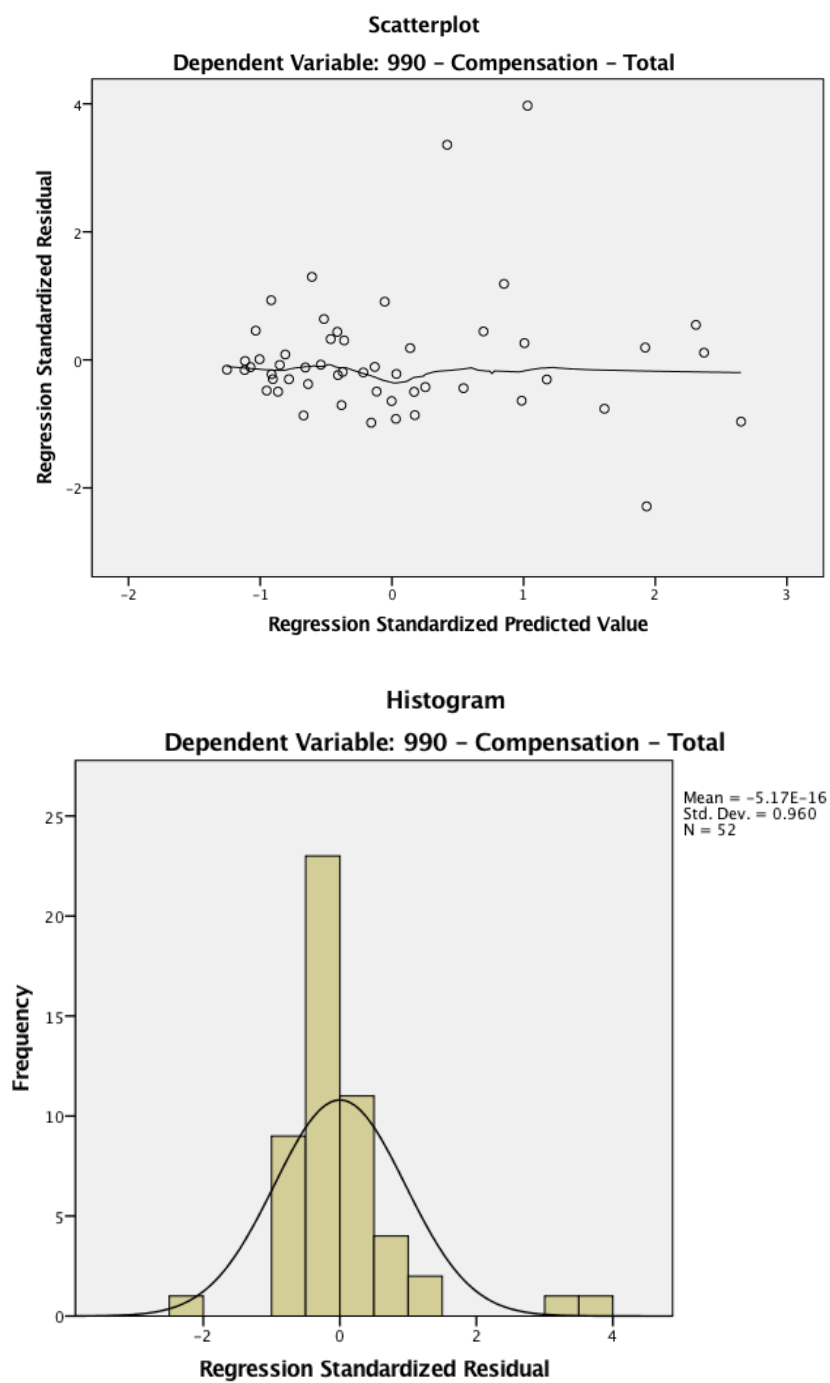


Figure 10. Final regression model linearity (top) and normality (bottom) assumption checking.

To further illustrate this model, Figure 11 presents a scatter plot of the observed and predicted total executive compensation. A linear regression line was plotted through the data for clarity.

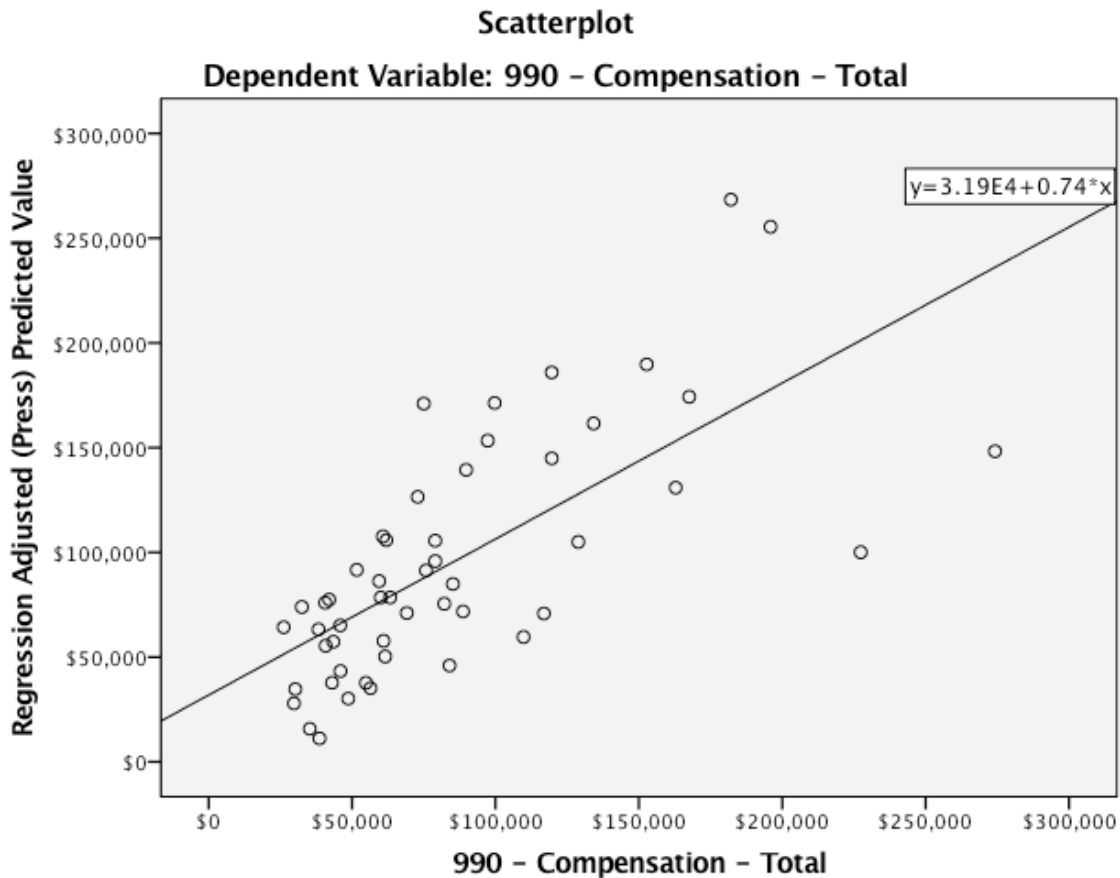


Figure 11. Scatterplot of predicted and observed total compensation

In the initial model, gender by itself was a weak predictor of total compensation. Moreover, when adding addition variables in subsequent models, gender becomes non-significant, indicating that other variables were more predictive of total compensation than gender. Although gender was not found to be a predictive variable for predicting total compensation, previously cited literature suggests that gender's influence on self-efficacy may

have an impact on total compensation. Therefore, this study also examined the relationship between self-efficacy and total compensation

RQ4: The relationship between self-efficacy and compensation

This question sought to understand the relationship between the self-efficacy ratings, as measured by the General Perceived Self-Efficacy Scale (GSE), of nonprofit female executives in southwestern Pennsylvania and their compensation. In accordance with the GSE scoring procedure and each respondent received a mean self-efficacy score. In sum, neither male, $r(26) = -.061, p = .767$ nor female, $r(48) = .054, p = .715$ nonprofit executives' compensation was related to their self-reported self-efficacy ratings. It should also be noted that across all executives who completed the GSE, no single item was significantly related to compensation either (Table 18).

Table 18

Spearman Correlation between Total Compensation and Self-Efficacy

GSE Item	Total Compensation		
	n	ρ	sig
I can always manage to solve difficult problems if I try hard enough.	48	0.204	0.164
If someone opposes me, I can find the means and ways to get what I want.	48	0.005	0.973
It is easy for me to stick to my aims and accomplish my goals.	48	0.002	0.992
I am confident that I could deal efficiently with unexpected events.	48	-0.076	0.607
Thanks to my resourcefulness, I know how to handle unforeseen situations.	48	0.121	0.412
I can solve most problems if I invest the necessary effort.	48	0.129	0.382
I can remain calm when facing difficulties because I can rely on my coping abilities.	48	-0.078	0.597
When I am confronted with a problem, I can usually find several solutions.	48	0.090	0.542
If I am in trouble, I can usually think of a solution.	48	-0.035	0.813
I can usually handle whatever comes my way.	48	0.157	0.285

Overall, the mean self-efficacy ratings were very high. On a scale of one to four, the average self-efficacy rating was $M=3.49$, $SD=0.33$. There was no significance between self-efficacy ratings and total compensation.

Summary

Among a random sample of nonprofits and nonprofit executives in southwestern Pennsylvania, several variables, both individual and organizational, were significantly related to total compensation. The size of the budget was significantly related to total compensation, $r(189) = .599$, $p < .001$. The total number of full-time employees employed, $r(74) = .483$, $p < .001$ and the total number of board members $r(74) = .389$, $p < .001$ were also significant, with moderate positive correlations to total compensation. The greater the budget, the number of full-time employees, and the number of board members, the greater the executive's total compensation. Additionally, there was a significant but weak negative relationship between the total percentage of female board members and total compensation, $r(74) = -.276$, $p = .02$.

When examining nonprofit executives' demographics, two variables showed small positive correlations with total compensation: total years of experience in the public sector, $r(51) = .332$, $p = .015$ and total years of experience in the nonprofit sector $r(73) = .289$, $p = .012$. Across all organizations and executives, female nonprofit executives earned significantly less than male nonprofit executives, $t(147) = 3.772$, $p < .001$.

Additionally, total budget of the organization, number of board members, years experience in public sector, and years experience in nonprofit sector can be used to explain the variability in total compensation for nonprofit executives in southwestern Pennsylvania. These variables accounted for approximately 53% of the variability in total compensation, $R^2_{adj} = .527$, $F(2, 46) = 4.266$, $p = .020$. Gender was included in the final regression model because of its

centrality to this study, significance in prior analyses in this study, and conflicting findings in the literature. Furthermore, the final regression model was a better predictor with the inclusion of gender as a variable, even though it was not a significant predictor of executive compensation, given the other variables in the model.

Finally, self-efficacy ratings were not related to total compensation. While gender is related to compensation, however, in a predictive model it becomes an insignificant variable when other variables are taken into account. Female nonprofit executives earned less than their male counterparts; yet, if females work for a large organization and gain substantial professional experience, there is no significant variance in total compensation. Chapter five will connect the results to the literature and provide implications for these findings.

Chapter V – Findings and Conclusions

In the United States, women earn about 77% of their male counterparts' salaries for doing the same or similar jobs (U.S. Census Bureau, 2013). This wage gap is often attributed to the choices women make regarding their careers. For instance, some research indicates that women earn less because they choose to work in positions and fields with lower earning power (Blau & Kahn, 2006; Dey & Hill, 2007; Feder & Levine, 2010; Leutwiler & Kleiner, 2013). Additionally, women choose to take time out of the workforce to bear and raise children (Avellar & Smock, 2003; Budig & England, 2001; Budig & Hodges, 2010; Dey & Hill, 2007). Other studies have examined women's levels of educational attainment and the wage differential (Feder & Levine, 2010; Johns, 2013; Kulow, 2013; Leutwiler & Kleiner, 2013). Finally, women's lack of ambition has been explored as a reason for lower pay (Devillard et al., 2014; Eagly & Carli, 2007; Heilman, 2001). Many studies have challenged and refuted these assertions (Blau & Kahn, 2006; Corbett & Hill, 2012; Kulow, 2013; Leutwiler & Kleiner, 2013; Stanberry & Aven, 2013), suggesting other factors including discrimination and self-efficacy (Betz & Hackett, 1986; Corbett & Hill, 2012; Hackett & Betz, 1981) may be impacting women's wages. Thus, there is significant debate over the variables that impact compensation. As mentioned in the literature review, these variables are exceedingly apparent in the nonprofit sector. As a consequence, examining demographic and individual variables in the nonprofit sector will illuminate which career choices are depressing women's wages.

While gender and compensation have been studied extensively in the for-profit sector, there has been little research around gender and compensation in the nonprofit sector (Grasse et al., 2014; Hallock, 2002; Herzlinger, 1994; Oster, 1998). Therefore, the purpose of this study was to explore how various organizational, demographic, and individual characteristics are

related to the compensation of nonprofit executives. Four research questions were explored. The following chapter discusses the research findings and implications.

Review of Methodology

This study examined the compensation levels as well as individual and demographic characteristics of nonprofit executives in southwestern Pennsylvania. A cross-sectional survey research design was used to test the research questions, as this design involves the collection of data from a random sample at one point in time (Wiersma & Jurs, 2005).

Participants

All participants were nonprofit executives. They were randomly selected via a database of all registered nonprofit organizations. For this study, executives of hospitals, universities, and private foundations were excluded. For 194 organizations, organizational data was collected from the Form 990. Additionally, a questionnaire was sent to each participant to gather demographic variables.

Variables

The research study addressed one dependent variable, compensation, and several independent variables about the organization including the size and type of nonprofit and the individual executive including gender, educational background, and self-efficacy rating.

Data Collection

From the IRS Form 990, the researcher retrieved the type of organization, the annual revenues, the executive's gender and the executive's annual compensation (including the amount of other estimated compensation from the organization and related organization). Additionally, a questionnaire was created and distributed to each executive in order to ascertain their organization's characteristics, demographic characteristics, and self-efficacy rating.

Discussion of Results

Research Question 1: Organizational Characteristics and Executive Compensation

The first research question sought to determine the relationship between organizational characteristics (including number of employees, budget size, the board of directors' composition, and type of organization) and executive compensation in nonprofit organizations in southwestern Pennsylvania. A bivariate correlation procedure revealed several variables were significantly and positively related to total compensation, including budget size, the total number of full-time employees, and the total number of board members.

This finding agrees with previous research that found organizational size to be the strongest determinant of executive pay in both the private and nonprofit sectors (Deckop, 1988; Galle & Walker, 2014; Grasse et al., 2014; Oster, 1998). Size which, can be defined by both budget size and the number of employees, was the most significant factor for explaining executive pay in this study. As in this study organizational size, often in combination with a selection of other variables, tended to explain less than half of the variance in total compensation (Gray and Benson, 2003). Yet Argarwal (1981) pointed out, organizational size is a strong predictor of executive pay as larger organizations typically require greater executive oversight and coordination.

While this finding is predictable, it challenges female executives' ability to attain pay equity as they are less likely to lead large organizations. According to the results of this study, females represent over half of the nonprofit executives (54.1%); yet, far fewer females lead large organizations. For instance, only 41.7% of organizations with budgets over \$7,050,000 are led by females and only 39.5% of organizations with budgets between \$2,050,000 and \$7,049,999 are led by females. By contrast, female executives represent 73.7% of organizations with

budgets \$150,000-249,000. This accords with the literature that indicates women are less likely to lead large organizations. A Guidestar (2010) study concluded that women are underrepresented in executive positions, particularly at organizations with annual revenues in excess of \$1 million.

Additionally, this study found a significant negative relationship between the total percentage of female board members and total compensation. This finding contradicts other research from the for-profit sector that suggests a greater proportion of females in leadership positions is related to greater pay equity (Shin, 2012). Specifically, female executives in women-led corporations earned between 10-20% more than comparable executive women in male-led firms (Bell, 2005).

These findings suggest that the gender composition of the board is an important determinant for executive compensation in the for-profit sector. For nonprofit women leaders, this may be an unsettling finding. Overall, females represent almost half of all board members (46.2%); however, females were underrepresented as board chairs (29.2%). This supports the literature which indicates there are a disproportionately low number of women serving as officers of the board (Pynes, 2000). Once again, this study found that females were far less likely to be the board chair of a large organization than they were to be the board chair of a small organization. For organizations with budgets over 7,050,000 only 4.5% of board chairs were females, whereas 23.3% of organizations with budgets between \$150,000 and \$249,999 had female board chairs.

Thus, female nonprofit executives' equitable pay is hindered by several organizational variables. First, females are less likely to lead large organizations; yet, organizational size is the

most important determinant in compensations. Second, females are also less likely to lead the boards of large organizations.

Research Question 2: Demographic Characteristics and Executive Compensation

The second research question sought to determine the relationship between demographic characteristics (including gender, previous work experience, educational attainment, and family responsibilities) and executive compensation in nonprofit organizations in southwestern Pennsylvania.

Unsurprisingly, an executive's total years of experience working in the nonprofit sector was positively correlated with total compensation. Similarly, respondents with more years of experience in the government sector reported higher total compensation; however, the total years of experience in the for-profit sector did not impact total compensation. The relationship between experience in the public sector and compensation is largely inexplicable, as it is not addressed in the literature. Nevertheless, public and nonprofit sector employees have similar objectives: both are serving a public good without a profit incentive. Therefore, public and nonprofit work are somewhat analogous. Based on this notion, the finding supports previous research that found closely aligned prior work experience is a good predictor of executive compensation (Argawal, 1981). Additionally, it is possible that public sector experience is highly valued because it carries knowledge of governmental funding mechanisms. As previously stated, the relationship between government funding for nonprofit service provision cannot be understated (Hall, 2006), as a typical nonprofit organization derives approximately a third of its budget from government funds (Hammack, 2001).

Also of note, an executive's tenure in their current position was not related to total compensation. This may be of consequence to nonprofit executives who enjoy longer tenure

than their for-profit peers. For instance, a recent study of large U.S. companies reported an average CEO tenure of less than six years (Kaplan & Minton, 2010). This number is shorter than the average tenure reported by executives in the study ($M=10.5$, $SD=8.0$). Thus, it appears that nonprofit executives' long tenure is driven by motivations beyond additional financial compensation. This finding may also support the previously asserted belief that nonprofit executives are more intrinsically motivated and less concerned with personal compensation. Therefore, they may stay in a position for a longer period of time because they are more concerned about work conditions and ideology than they are about wages.

This study found no relationship between level of educational attainment and total compensation. Those with a master's degree or higher did not earn significantly more than those with a bachelor's degree or lower. This finding contrasts other research on educational attainment and earnings. In general, earnings are boosted as additional education is attained (Carnevale et al., 2011). Therefore, it would be reasonable to realize some disparity in compensation between those with a master's degree or higher and those with a bachelor's degree or lower. Although those with a master's degree reported a higher mean compensation (\$90,314), than those with a bachelor's degree or lower (\$74,526), the difference was not statistically significant ($p=.171$).

This finding may be disconcerting to nonprofit executives, as research has suggested nonprofit professionals tend to be highly educated (Ruhm & Borkoski, 2003). For instance, the U.S. Census Bureau (2012) reports that approximately 11% of the population has a master's degree or higher. Previous studies have found that 62% of nonprofit executives in southwestern Pennsylvania had master's degrees or doctoral degrees (*Bayer Center's Wage and Benefit Survey*, 2012). This particular study found that 48% of executives have a master's degree or

higher. However, it should be noted that there is a large standard deviation for compensation of those with master's and bachelor's degrees ($SD = \$56,195$ and $SD = \$41,077$, respectively).

Thus, the data has a large variance and is, therefore, less reliable. While the difference was not significant from a statistical standpoint, the numbers have a meaningful practical difference.

Caregiving responsibilities also did not impact total compensation. Those who reported having children did not have significantly lower levels of compensation than those who reported having no children, $r = .144$, $p = .220$. This finding refutes the "mommy penalty" previously cited in chapter two. Instead, this study suggests that children are not associated with a negative effect on women's wages as reported by Avellar and Smock (2003).

Although there was no relationship between the number of children and total compensation, it is noteworthy that females were more likely to report taking time out of the workforce to care for their children. In fact, in this study, none of the male respondents reported taking time off for caregiving. This finding supports a body of research that suggests women choose to take time out of the workforce to bear and raise children (Avellar & Smock, 2003; Budig & England, 2001; Budig & Hodges, 2010; Dey & Hill, 2007). Additionally, this finding may bolster the notion that nonprofit environments are attractive to those with caregiving responsibilities because they often offer flexible work hours and more time off to promote a work-life balance (Mirvis & Hackett, 1983; Preston, 1990).

While caregiving responsibilities had little impact on compensation, gender was found to be a significant variable. An independent samples t-test revealed that female executives have significantly lower levels of total compensation than their male counterparts. This supports previously cited literature regarding the gender wage gap in the nonprofit sector (Blau & Khan, 2006; Kulow, 2013; Leutwiler & Kliener, 2013).

Overall, the female executives earned significantly less than male executives. Nationally, women earn about 77% of their male counterparts' salaries for doing the same or similar jobs (U.S. Census Bureau, 2013). However, the females in this study fared worse, earning only 65% as much as the male executives. Interestingly, the gender wage gap was largest for organizations with budgets between \$2,050,000 and \$7,049,000, where females earn 60% of what males earn. For organizations with budgets over \$7,049,000, the wage gap is far better than the national average at 88%.

It is worth noting that while the wage gap was not significantly different in every stratum, the limited data points in each stratum often resulted in large variance. Therefore, the widely diffused distribution may explain why several of the strata had large gender wage disparities that were not considered to be different from a statistical standpoint. Although the large standard deviation in the latter may justify the results, this finding contradicts prior research. DiMento (2011) found the size of the wage differential was related to the size of the organization. In other words, the wage gap between females and males was wider in larger organizations.

Research Question 3: Prediction of Nonprofit Compensation

The third research question used multiple linear regression to explain the variability seen in nonprofit executive compensation. In the initial model, gender by itself was only a weak predictor of total compensation. When additional variables were added, gender became insignificant. In sum, total budget, total number of board members, the executive's total years of experience in the government sector, and the executive's total years in the nonprofit sector explained more than half (52.7%) of the variability in compensation. While certain variables such as gender and board composition are correlated with compensation, those variables do not

explain the wage discrepancy. Other factors such as the size of the organization's budget and the executive's experience are far more critical in explaining the variance in nonprofit compensation.

In other words, in isolation gender plays a minor role in total compensation. When myriad other variables are included in the model, the impact of gender is nonexistent. Therefore, a wage gap exists, but the variance can largely be explained by the notion that women are not leading large organizations or gaining sufficient professional experience. The real question of utility is why is this true.

Research Question 4: Self-efficacy and Executive Compensation

The final research question sought to determine if there was a relationship between the self-efficacy ratings, as measured by the General Perceived Self-Efficacy Scale (GSE), of nonprofit female executives in southwestern Pennsylvania and their compensation.

Research suggests that self-efficacy impacts career choices (Bandura et al., 2001; Hackett & Betz, 1981; Lent et al., 1984). For instance, women are often socialized to have lower levels of self-efficacy (Eddleston et al., 2006; Huston, 1983; Luongo, 2012; Shumow & Schmidt, 2013), which limits women's career options (Betz & Hackett, 1981; Eccles, 1994) makes women less likely to take professional risks (Estes & Felker, 2012), and discourages women from persisting in the face of challenge (Lent et al., 1984). However, those findings were not corroborated in this study. Female nonprofit executives' compensation was not related to their self-reported self-efficacy ratings. The females reported very high levels of self-efficacy.

Females' high self-efficacy ratings are somewhat perplexing; however, several reasonable explanations may exist. For instance, although the GSE is a widely utilized, valid, and reliable tool, it may lack the specificity necessary to capture self-efficacy nuances experienced by executives. Additionally, there may be response bias where the participant

responded to the questions to meet the expectation of what they should feel rather than what they actually feel. Or perhaps female nonprofit executives in southwestern Pennsylvania do not have low levels of self-efficacy. Perhaps women executives reached the top in part because they had higher levels of self-efficacy; thus, they were more likely to persist and overcome obstacles.

Another previously noted phenomenon may further justify the findings. Perhaps female executives reported high self-efficacy because they are more financially and professionally comfortable in the nonprofit sector. As Preston (1990) argued there is little wage differential for women between the nonprofit, public, and for-profit sectors; yet, males suffer a significant wage loss by choosing to work in a female-dominated sector. This notion may lead nonprofit females to have higher levels of self-efficacy than their male counterparts.

Implications

This study found an irrefutable gender wage gap among nonprofit executives in southwestern Pennsylvania. Inequitable pay is not just a women's issue, it impacts countless families who are increasingly relying on women's wages to achieve financial stability (U.S. Senate Joint Economic Committee, 2010). This trend was evidenced in this study in which 35.4% of female reported being the primary source of household income and 52.0% which reported being a joint contributor to the household income. Thus, the importance of women's wages cannot be minimized. Equitable wages not only benefit women, but also children, families, and communities.

This study also revealed that organizational size is one of the strongest predictors of executive compensation; yet, females are largely underrepresented as executives of the largest nonprofits. Therefore, a sizeable portion of the wage gap can be attributed to women's absence in leadership positions in large organizations. Furthermore, in general, the lack of female

presence on nonprofit boards of directors is correlated with lower earnings. Clearly additional work needs to be done in order to close the gender wage gap and much of that work needs to begin at the top of the organization.

For instance, board of directors need to establish policies that promote equity and fairness. In 2013, the CEO of Salesforce, a large technology company, recognized that women could not leap the gender gap chasm without a thrust (Peck, 2015). The CEO created a program called Women's Surge to ensure women were equitably paid, well represented at every meeting, and hired and promoted appropriately (Peck, 2015).

While the impact of these efforts remain to be seen, the message is clear: policies for equity start at the top of an organization. Previously referenced research suggests that women in positions of leadership improve organizational outcomes (Johns, 2013). For instance, there is a correlation between several financial measures including return on equity, return on sales, and return on invested capital, and the presence of women on the board of directors (Joy et al., 2007). Adams and Ferreira (2009) also found that the presence of women in leadership results in greater organizational stability. While these studies conclude that the inclusion of women in the top ranks benefit organizations, females continue to be underrepresented in positions of leadership (Johns, 2013).

The study also supported other research that found women are underrepresented in the upper ranks of organization (Bosak & Sczesny, 2011; Gibelman, 2000; Guidestar, 2010; Johns, 2013; Lansford et al., 2010). This suggests that more efforts need to be directed toward helping women ascend to higher positions. As previously cited, career referents often play an important role in career development (Eccles, 1994). However, females' career referents tend to occupy lower positions than males' career referents (Major & Konar, 1984). This notion challenges

women to establish and fulfill higher career expectations. Therefore, more organizations should consider sponsorship. As Imo (2013) points out, “mentors are good, but sponsors are better (p. 46). Sponsors, like mentors, can give advice and provide guidance; however, sponsors also have clout, seniority, and importance necessary to boost an individual on the career ladder (Imo, 2013). Because obstacles and challenges often delay women’s path to the top of the organization, formal mentoring and sponsorship programs may be essential to help more women assume positions of leadership.

Limitations

There are several limitations associated with study. First, this study assumed that the information reported on the Form 990 forms was truthful and accurate. The IRS carefully defines requirements for reporting compensation and other compensation on the Form 990; therefore, it is assumed the numbers reported are analogous across the sample. Second, this study assumed that nonprofit executives who chose to participate in the study were open, accurate, and forthright with their information. Third, organizations are only required to disclose executives’ salaries in excess of \$100,000. In an effort to promote greater transparency, many organizations elect to disclose executive compensation regardless of the threshold. However, very few organizations with small budgets actually disclosed compensation. As a result, it was not possible to obtain full representation from this group.

Delimitations

There are also several delimitations associated with this study, although whenever possible, the researcher attempted to minimize these. First, this study was restricted to organizations in southwestern Pennsylvania. This region was chosen for several reasons: the researcher is familiar with this region and there is a dense concentration of nonprofit

organizations in this region. Since the study is limited to this region the results may not be generalizable beyond the specific population from which the sample was drawn. Second, this study eliminated hospitals and institutions of higher education. These organizations tend to have regulatory bodies and extremely large budgets; thus, the results would not be representative of the larger nonprofit sector.

Suggestions for Future Research

This study focused on the determinants of nonprofit compensation in southwestern Pennsylvania. The limited scope and unanticipated findings suggest possibilities for future research.

Foremost, despite research that suggests self-efficacy may shape women career choices and inhibit their ability to reach the upper ranks, this study found female nonprofit executives actually have high levels of self-efficacy. Additional research could further explore this issue at all levels of an organization. Understanding how middle and entry-level female employees rate their self-efficacy may provide insight about career paths and ambitions. For instance, do female middle managers have lower levels of self-efficacy that are limiting their desire to take on additional responsibility?

Additionally, this topic may lend itself to a mixed method study. Including qualitative interviews with female nonprofit executives may provide greater insight into their self-efficacy, career paths, and personal choices for working in the nonprofit sector. Qualitative research may also illuminate why women are underrepresented as executives and board members in large organizations.

Race and ethnicity may impact compensation; however, the time and scope of this study limited the inclusion of this variable. Future studies should explore how race and ethnicity may impact executive nonprofit compensation.

Summary and Conclusions

This study sought to understand the determinants of nonprofit compensation for executives in southwestern Pennsylvania. Compensation data was gathered from a random sample of 194 executives via Form 990 data. Additionally, 76 executives responded to questionnaires regarding organizational, demographic, and individual characteristics. In sum, the study found that organizational size (in terms of budget size and number of full-time employees) is the strongest predictor of total compensation. However, the total number of board members and the total percentage of male board members are also positively correlated with compensation. In terms of demographic variables, an executive's total experience in the public sector and total experience in the nonprofit sector were positively correlated with total compensation. Gender was also significantly related to total compensation in that male executives earned more than female executives, on average. Finally, female executives reported higher levels of self-efficacy than male executives, suggesting that low levels of self-efficacy may not be a barrier to women accessing positions of leadership.

Additionally, a multiple linear regression model was created to explain the variance in pay. In sum, an organization's total budget, the total number of board members and an executive's total years of experience in the nonprofit and public sector explained more than half (53%) of the variation in compensation. Therefore, this study concludes that in order for women to maximize their earning potential, they need to lead larger organizations and gain more experience in the public and nonprofit sector. In order to accomplish this, women need to have

mentors, sponsors, professional development, and organization policies on equitable practices.

Without an entree to greater opportunity, ambitious and worthy female nonprofit leaders will be challenged to overcome the various obstacles along their career path.

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Appendices

Appendix A: Questionnaire

Dear Participant:

I am interested in finding out information about characteristics of regional executives of nonprofit organizations as part of my dissertation study.

If you are willing to provide some information about your own hiring, please respond to the questions below. If an item is irrelevant, or if you are unsure or do not know the answer, leave the answer blank.

Your gender: _____

Gender of the Chair of your Board of Directors: _____

Number of members of your Board of Directors: _____

Number who are female: _____

1. Approximately how many employees work at your organization?

Full-time: _____

Part-time: _____

2. How many years have you been employed in your current position? _____

3. How many years of experience do you have in each of the following sectors?

For-profit sector: _____

Public sector/government: _____

Nonprofit sector: _____

4. What is the highest level of education you have completed?

☐ High school graduate

☐ Some college

☐ College graduate

☐ Master's degree

☐ Professional/Doctoral degree

5. What was your undergraduate field of study/major? _____

Please answer the following questions from the General Efficacy Scale as they pertain to your current job position:

	Not at all true	Hardly true	Moderately true	Exactly True
I can always manage to solve difficult problems if I try hard enough.				
If someone opposes me, I can find the means and ways to get what I want.				
It is easy for me to stick to my aims and accomplish my goals.				
I am confident that I could deal efficiently with unexpected events.				
Thanks to my resourcefulness, I know how to handle unforeseen situations.				
I can solve most problems if I invest the necessary effort.				
I can remain calm when facing difficulties because I can rely on my coping abilities.				
When I am confronted with a problem, I can usually find several solutions.				
If I am in trouble, I can usually think of a solution.				
I can usually handle whatever comes my way.				

Appendix B: Example of Organizational Listing from the National Center for Charitable Statistics Database

Summary Views				
Nonprofit	Charity Filers	Foundations	Social Capital	Congregations

All registered nonprofit organizations (public charities, private foundations & others) in Allegheny County, PA

Click on the head of the column to sort the table alphabetically. Click on a foundation or organization's federal Employer ID Number (EIN) to learn more. Click on a column heading to sort on that column.

EIN	Name	IRS Subsection	Gross Receipts	Total Assets	Fiscal Year
010752319	Pittsburgh Regional Healthcare Initiative	03	6,456,070	2,115,486	2013
020460247	Granite State Elec Co Post Ret Ben Tr for Emp Sub To Collect Bargain Post Retire	09	56,118,434	239,980,437	2013
020460249	Granite State Electric Co Ret Ben Tr for Union Employees	09	29,019,770	317,564,246	2013
020559825	Tickets for Kids Foundation	03	4,009,254	249,298	2012
020560694	Mellon Financial Corp Supplemental Unemployment Benefit Tr	17	31,386,770	0	2013
020642820	Republic Retiree Veba Benefit Tr	09	27,207,501	78,587,278	2013
030454226	Holy Family Community Services	03	12,704,089	2,112,648	2013
030480551	Mountain View Cancer Associates Inc	03	35,093,311	7,198,280	2013
030483260	Propel Schools Inc Propel Charter School-Homestead	03	12,784,375	5,539,552	2013
041302043	Lucy C Farnsworth Trust Uw 10-2540-00-2	03	2,490,005	5,931,067	2013
0422210741	Dean Foundation for Little Children Inc	03	1,945,914	2,599,589	2013
042392828	John L Brandegee Trust	03	13,488,273	20,418,680	2013
043294272	Ameren Management Health Trust	09	24,295,620	291,880,482	2013
043294359	Ameren Health & Welfare Trust	09	187,432,803	750,723,717	2013
043296043	Fund for Charitable Giving	03	5,465,043	6,939,522	2013

Appendix C: Introductory Letter for Participation in the Study

Dear regional nonprofit leader,

You have been chosen to participate in my dissertation study based a random selection of nonprofit leaders in southwestern Pennsylvania organizations. The goal of the study is to better understand the characteristics of executives at regional nonprofit organizations. Your participation will contribute to the current literature on the subject of nonprofit leadership.

If you agree to be in this study, you will be asked to complete a brief survey hosted by QuestionPro.com. The survey will only take 5 minutes to complete. **Please complete the survey no later than Thursday, September 10th.** To thank you for your participation, each respondent who completes the survey will be entered into a drawing for a \$100 contribution to the charitable organization of their choice.

For questions about the study or participation you can contact primary researcher, Carrie Tancraitor, at cltst155@mail.rmu.edu; Human Subjects Protection Advocate of the IRB Office at Robert Morris University ([412-262-8285](tel:412-262-8285)); or research chair, Dr. Mary Ann Rafoth at Rafoth@rmu.edu.

To begin, simply click on the link below, or cut and paste the entire URL into your browser to access the survey: <http://npoleaders.questionpro.com>

If you would prefer to complete a paper survey please call me at [412-397-6003](tel:412-397-6003) or email me at cltst155@mail.rmu.edu.

Thank you in advance for your willingness to participate.

Sincerely,
Carrie Tancraitor