

# **THE GENDER PAY AND EMPLOYMENT GAPS FOR TOP MANAGERS IN U.S. NONPROFITS**

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## ABSTRACT

This paper examines the gender wage gap among managers of nonprofit organizations using newly collected detailed data on compensation of managers and accounting characteristics of nonprofits in the U.S. There are several main findings. First, women lead roughly nineteen percent of all nonprofit organizations in the sample. Second, on average, women who lead nonprofits earn roughly twenty percent less than men who lead nonprofits. Third, the fraction of nonprofits lead by women varies dramatically based on characteristics of the organization such as size (measured, for example, by income, revenue, or assets) or the “industry” of the organization. I find a generally negative relationship between the size of the nonprofit and the likelihood that a woman runs it. Finally, once even simple characteristics of the nonprofits are controlled for, the male-female salary gap in this sample of nonprofits is not significantly different from zero.

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## **1. Introduction**

Although a great deal of attention has been given recently to work on compensation of top managers of firms (Murphy, 1999), there is very little study of either women as managers (see Bartlett and Miller, 1985, and Bertrand and Hallock, 2001 for exceptions) or compensation of managers in nonprofits (See Oster, 1998, and Hallock, 2002, for exceptions).<sup>1</sup> There is recent interest in how top employees of nonprofits are compensated (*Taxpayer Bill of Rights 2*, 1996). This law requires that nonprofits document and release to the public how much leaders of their organizations are paid. In addition, the boards of directors of these nonprofits must be able to document the salary determination process. Although the IRS has not released any firm guidelines, if nonprofits overpay their executives, the top managers (and boards) could be fined and the top managers might have to return the amount by which they have been overpaid. This paper uses a sample of nonprofit organizations with data on gender of the top manager, compensation of the top manager and a host of organizational size, industry, and performance measures to examine gender differences in the compensation of top managers of nonprofits.

The rest of the paper is outlined as follows. Section 2 offers an overview of the nonprofit sector and a discussion of previous work on possible reasons for differences in pay by sector (nonprofit versus for-profit). In section 3, I describe the data and simple summary statistics. Section 4 analyzes the gender compensation gap in more detail and makes a brief comparison to the gender gap for managers in for-profit firms. The fifth section is an analysis of possible sample selection bias, and section 6 offers concluding comments.

## **2. Overview of Nonprofit Sector and Possible Reasons for Differences in Pay**

Nonprofits are much different than for-profit firms (Hansmann, 1980, Steinberg, 1990a, 1990b).

For an organization to become officially designated as a nonprofit in the United States, it must file forms with the IRS to apply for nonprofit status.<sup>2</sup> Officially designated nonprofit organizations do not have to pay tax. However, if they have more than \$25,000 in annual net revenue they must file IRS Form 990. Among the many possible groupings for nonprofits, by far the most frequently designated are 501c(3) “charitable and religious.” 501c(3)s are considered charitable because according to the IRS they serve “... broad public purposes include(ing) educational, religious, scientific, and literary activities, among others, as well as the relief of poverty and other public benefit actions. Of the roughly 1 million nonprofit organizations in the U.S. in 1995, about 60 percent had the 501c(3) designation. Other major groups include social welfare organizations (501c(4)) of which there were about 139,000 in 1995 and fraternal and beneficiary societies (501c(8)) of which there were about 92,000 in 1995. 501c(3)s have the added benefit that contributions made to the organization are tax deductible to the contributor. Hansmann (1980, 1996) points out that nonprofit organizations are free to make profits but what distinguishes them from for-profit organizations is that the profits may not be distributed to those with formal control over the organization.

Before turning to differences in pay between men and women in nonprofits, it is interesting to consider conceptual reasons for differences in pay between for-profit and nonprofit sectors. Of the many reasons discussed for differences in pay, three seem to be most important. First, many have argued that those in nonprofits earn less because they are “donating wages” to the organizations for which they work (e.g. Preston, 1989). That is, employees are basically donating the difference between what they would have earned in the for-profit sector and their actual wages in the nonprofit sector back to the nonprofit. The second main reason for differences in pay gaps surrounds the well-known discussion of compensating wage differentials in economics. In this case, workers accept lower wages in the nonprofits in exchange for a host of pleasant amenities on their job, such as flexible hours, more stable job prospects,

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<sup>1</sup> Also see McCarthy (1994), McPherson and Smith-Lovin (1982, 1986), Odendahl and O’Neill (1994), Odendahl and Youmans (1994), Preston (1990), Steinberg and Jacobs (1994), and Wajeman (1996) for discussions of women in nonprofits generally.

and a slower pace of work. A third main reason for differences in pay for employees in nonprofits may be that their skills are better matched for use in for-profits. These differences are extremely difficult to separate with most existing data sources. The ideas just described have been explored empirically by Weisbrod (1983), Goddeeris (1988), Preston (1989), and others but cannot be explored here as the focus of this paper is on nonprofit only. I now turn to the data used to describe the gender pay gap among managers in nonprofits.

### **3. Data and Summary Statistics**

The data for this paper come from the *Annual Charity Index* (1993, 1994, 1995, and 1996) published by the Philanthropic Advisory Service (PAS) of the Council of Better Business Bureaus (CBBB), Inc. PAS collects information on charitable organizations, lobbying and social welfare organizations, and tax-exempt business membership groups who choose to be members of the CBBB. PAS asks charitable organizations about how they are governed, about their finances and about a host of other issues. PAS disseminates the information it collects and helps charitable organizations comply with the standards of the CBBB. PAS also provides useful information to potential donors on how to evaluate charities.

PAS collects most of the financial information for the *Annual Charity Index* from form 990 which charities must file with the Internal Revenue Service. Form 990 contains information on the compensation of the top manager as well as a host of other accounting information including expenses and the assets of the charity. The data originally collected by CBBB all come from organizations who chose to submit information so problems of selection may be present. However, along many dimensions, these organizations are very similar to a much larger sample collected from the Internal Revenue Service (which I do not use to investigate gender pay gaps in this paper since gender of the top manager is not identified in those data). More details on these issues of selection are included in section five below.

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<sup>2</sup> This section is based heavily on Stevenson, Pollak, and Lampkin (1997). Also see Bowen, Nygren, Turner, and Duffy (1994) for a careful description of the nonprofit sector.

The managerial compensation figures reported here include annual salary as well as other related parts of compensation. In addition to salary, the pay measures include bonuses, fees, contributions to benefit plans and expense accounts, and other pay that the manager would normally be required to file as personal income on his or her own tax return.<sup>3</sup>

Table one displays sample means (and standard errors) for some of the charity data used in the paper. Row one presents the real (1995) annual compensation of the head in thousands of dollars. Average top manager pay has increased over the sample period, even in real terms, but not substantially and not continuously. In 1994, this pay measure stood at approximately \$141,000. In contrast, the average CEO pay for large (top 800) U.S. firms (using data from *Forbes* magazine) increased by between 18 and 25% (depending on how it is measured) in real terms over the same time period.

Roughly 19% of charities are headed by women. This number has stayed relatively constant for the several years of the sample. This is consistent with Shaiko (1996) who examined 240 nonprofit organizations working in the public interest<sup>4</sup> and who found that twenty percent were headed by women. Shaiko (1996) does not list the organizations he studied by name but the “industries” he describes include “international affairs”, “environmental,” and “consumer/health” and are quite similar to those examined in this paper (see discussion of industries below).

Data from two other similar samples also report numbers that are consistent. Bullard and Wright (1993) report data collected from the Council of State Governments (CSG) and also results from an independent sample collected from the American State Administration Project (ASAP) of the fraction of “top administrative (agency head) posts” in state government who are women. Their main results are reproduced in figure 1 and show a dramatic increase in the fraction of top administrative posts in state government headed by women from under 5 percent in the middle of the 1960s to roughly 19 percent in

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<sup>3</sup> See CBBB (1996) for more details of programs sponsored by the PAS and the CBBB and for more details of the pay plans. Unfortunately, the CBBB data used in this paper do not separate compensation into the three types. However, Hallock (2002) examines the pay of top managers in nonprofits generally using a sample of 32,146 nonprofits and finds that none of the results differ by type of pay.

<sup>4</sup> Shaiko’s (1996) data come from the “Foundation for Public Affairs in a published compendium, Public Interest Profiles (Bergner, 1986)”.

the mid-1990s. Clearly being the head of a nonprofit (as is the main subject of this paper) and being the head of a state agency are not precisely the same. The comparison does suggest, however, great progress by women in organizations that are not-for-profit. In fact, Preston (1994) notes that the “percentage of managerial women employed in the nonprofit sector increased from 4.1 percent in 1969 to 12.7 percent in 1991.” Note that Preston’s sample of managers in nonprofits is much more broadly defined than the sample of top managers of nonprofits described in this paper.

For-profit organizations stand in stark contrast. Bertrand and Hallock (2001) examine roughly 1500 large U.S. firms from 1992 through 1997. They find that the fraction of females in the “top five highest paid positions” in the firms grew from only 1.2 percent in 1992 to 3.4 percent in 1997. While this is a dramatic percentage increase, the fraction of nonprofits headed by women is substantially larger than the fraction of for-profits headed by women.

The CBBB data also include relatively detailed information on the financial characteristics of the nonprofits. In inflation-adjusted terms, total income, total expenses and net ending assets have all increased over the sample period. Table one shows that total income averaged \$54.2 million, total expenses averaged \$51.6 million, and net ending assets averaged \$55.3 million. The expense data are further broken down in table 1 into “program service” expenses, “administrative” expenses, and “fund raising” expenses. These three categories average \$42 million, \$3.3 million, and \$5.1 respectively. Many donors are interested in the fraction of expenses going to those in need.<sup>5</sup> Therefore, another organizational characteristic that is of some interest is the fraction of expenses spent on program services. As shown in table 1, the average for this variable over the sample period is 76 percent.

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<sup>5</sup> The Council of Better Business Bureaus publishes a booklet called *Standards for Charitable Solicitations*. Among the recommendations is that “A reasonable percentage of total income from all sources shall be applied to programs and activities directly related to the purpose for which the organization exists.” (Council of Better Business Bureaus, undated).

Table 2 breaks these summary statistics down by twenty-four separate industry classifications defined by the CBBB.<sup>6</sup> I present means (and standard errors) within industry for the fraction of the charity heads who are women, pay of the charity head, expenses, assets, and the ratio of program service expenses to total expenses. The last column lists the number of organizations within each category. The fraction of women as top managers varies dramatically by industry classification. Although more than half of the executives in the categories of food / health / shelter and in health: birth defects and genetic diseases are women, no women in the sample lead organizations in international understanding / human rights, public policy, recreation / leisure / sports, religion related / spiritual development, youth development, or public safety. Average pay also varies dramatically by category from a high of \$247,000 in recreation / leisure / sports to a low of \$47,000 in public safety. The accounting information is similarly varied across industry types.

#### **4. Is there a Gender Gap in Managerial Pay in American Charities?**

With all of the discussion of economic progress by women, it is remarkable that so few women lead major American firms. As noted, Bertrand and Hallock (2001) document that roughly 3.4 percent of executives in 1997 in large U.S. firms were women. There is some evidence of a presence of women on the *boards* of large U.S. firms but few women lead large companies. Korn/Ferry Organizational Consulting (1993) reports that “almost 60% of *Fortune* companies reported ... that they had at least one woman director.” The same study reports that “almost 38% reported having at least one minority director.” Shaiko (1996) reports from his sample of 240 nonprofits that 19.2 percent of the heads are women and that “79.9 percent of public interest organizations have at least one woman on their boards,” using data from 1985. Abzug, Dimaggio, Gray, Useem, and Kang (1992) report that “female membership of boards of trustees has increased significantly across time periods (1925-1985) studied,” but do not explicitly state by how much.

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<sup>6</sup> Young (1984) examines compensation of nonprofit employees in various nonprofit industries including higher education, healthcare, and social services. His work suggests that there may be different pay structures in different

Recall that nineteen percent of the heads of the nonprofits are women. Table 3 examines several of the characteristics of the organizations by the gender of the top manager. Men earned substantially higher pay than women (\$143,890 versus \$110,440). This is an interesting feature of the data that this paper aims to explore in detail. In the general population of white collar workers in nonprofits, the gap in pay is much less dramatic. Preston (1994), for example, reports that "... nonprofit professional women earned wages 4 percent lower than nonprofit professional men's."

Perhaps the most carefully documented fact in the hundreds of papers on CEO pay in firms is that of the firm size to CEO pay relationship. This connection is also strong for managers of nonprofits as shown by Oster (1998) and Hallock (2002). Given this, it seemed reasonable to investigate differences by gender in this area. In the second panel of table 3, I explore financial differences in the organizations by gender of the top manager. Total income, expenses, net ending assets, and program service expenses over total expenses are not statistically significantly different when averaged by the gender of the top manager. This comes as a surprise since Bertrand and Hallock (2001) find dramatic differences in organizational size by gender of the top manager in for-profit U.S. firms, with female executives in substantially smaller organizations, on average.

While the means of these variables do not differ by gender, it is interesting to see whether examining the characteristics more carefully reveals any interesting patterns. To this end, I sort the 606 organizations by assets and arrange them by size of assets within 10 different groups of roughly equal size (606 is not evenly divisible by 10). I then compute the fraction of women who lead the organizations within each of these 10 groups. The results are reported in Figure 2. (I have also plotted the mean log assets within each of the ten groups in the figure). The fraction of women who lead the charities in these groups varies from a high of 39.3 percent for the group with the smallest assets to a low of 8.2 percent for the group with second to highest assets. The pattern is generally downward sloping except for a spike down for the third decile. Therefore, although there is not a mean difference between the size of the nonprofits lead by men and women (Table 3), there does seem to be a more complicated negative

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nonprofit industries.

relationship between the size of the nonprofit and the likelihood that a women runs it. Shaiko (1997) finds similar evidence and reports that “women are much less likely to serve as executive directors of public interest organizations that have large annual budgets.”

Since there is a compensation gap between men and women who lead the charities and there seems to be some (weak) evidence of a link between gender of the charity head and characteristics of the organization, Table 4 explores the gender pay gap for managers of American charities in a regression framework. The coefficient in the first column of table 4 (-0.192) suggests that female heads of charities earn one fifth less than male heads of charities.

However, there is some evidence that gender is correlated with other variables that predict managerial pay well.<sup>7</sup> For example if gender and  $\ln(\text{assets})$  are both included in the regression (column 2), the coefficient on the indicator variable for female drops to -0.085 and is insignificant. Additionally controlling for the fraction of total expenses spent on program services (in column 3) has little effect on the coefficient on gender.<sup>8</sup> Also controlling for 219 individual charity fixed-effects makes the coefficient estimate even smaller. Once other covariates are controlled for, male and female top managers of charities earn equivalent compensation. Women and men, therefore, lead different kinds of charities. Conditional on a simple set of charity characteristics, compensation for male and female charity managers is roughly equivalent.<sup>9</sup>

The fact that the conditional male/female wage gap is not significantly different from zero does not necessarily imply that there is no discrimination in the nonprofit sector. For example, men and women may be promoted or hired at different rates. Rather, this conditional gap shows that given an

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<sup>7</sup> Recall that Oster (1998) and Hallock (2002) document a strong link between measures of organization size (including assets) and managerial pay in nonprofits.

<sup>8</sup> The Council of Better Business Bureaus publishes a booklet called *Standards for Charitable Solicitations*. Among the recommendations to donors in this booklet is that “A reasonable percentage of income from all sources shall be applied to programs and activities directly related to the purpose for which the organization exists.” (Council of Better Business Bureaus, undated).

<sup>9</sup> These findings are somewhat consistent with Bertrand and Hallock (2001) who find large average differences in pay between male and female managers on the order of 45 percent. However, once organizational size and other characteristics are accounted for, this gap declines to about 5 percent and is not significantly different from zero.

organization's size and other characteristics, men and women who lead nonprofits are paid roughly the same.

## 5. Sample Selection

As mentioned earlier, the sample used in this paper was collected from the Council of Better Business Bureaus (CBBB). Nonprofit organizations were asked to *voluntarily* submit information to the CBBB in order to be included in the sample. To the extent that these organizations are different from the general population of nonprofits, the results reported here could be biased.

In order to examine this, I collected a much larger sample of nonprofits directly from Internal Revenue Service form 990s filed by the organizations. All 501c(3) "charitable and religious" nonprofits with annual revenues greater than \$25,000 are now required to report returns to the IRS and to release these returns to anyone who asks. I have collected a sample of 24,626 organizations over the same years used in the present study and compare differences in means of certain important variables in table 5.<sup>10</sup> Although the CBBB sample is from a self-selected group of organizations that chose to report results, expenses, and assets are not statistically significantly different from the sample of 24,626 organizations collected from a random set of nonprofits. However, the CBBB sample had a significantly lower ratio of program services expenses to total expenses (0.76 versus 0.82) and the heads of the 606 CBBB organizations had significantly lower pay (138,000 versus 156,000), on average, than the IRS sample.

As stated above, the pay of the top manager is strongly correlated with size of the organization, measured for example by expenses, or assets (Oster, 1998, and Hallock, 2002). Judging from this, we might conclude that from this sample of 606 managers from the CBBB we have a relatively clear picture of the gender wage differential for all top managers of nonprofits. However, since some variables vary across the samples somewhat, we should be careful in generalizing these results.

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<sup>10</sup> The gender of the manager is not identified in the IRS data so the gender study cannot be completed using the larger sample.

## 6. Concluding Comments

Given the new focus on the pay of heads of charities (*Taxpayer Bill of Rights 2*, 1996) and the focus on how the pay is determined, this paper examines the gender wage gap among managers of nonprofits. There are several main findings. First, women lead roughly nineteen percent of all nonprofit organizations in the sample. Second, on average women who lead nonprofits earn roughly twenty percent less than men who lead nonprofits. Third, the fraction of nonprofits lead by women varies dramatically based on characteristics of the organization such as size (measured by income, revenue, or assets) or the “industry” of the organization. In fact, there seems to be a generally negative relationship between the size of the nonprofit and the likelihood that a woman runs it. Finally, once even simple characteristics of the nonprofits are controlled for, the male-female earnings gap in nonprofits is not statistically significantly different from zero.

The fact that the conditional male/female wage gap is not significantly different from zero does not necessarily imply that there is no discrimination in the nonprofit sector. Rather, it simply shows that for a given organization size, men and women who lead nonprofits are paid roughly the same. Hopefully, these results on the distribution of female managers of nonprofits and these statistics on the male/female wage gap will help to motivate further study of compensation in nonprofits and of the increasing study of female managers.

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Figure 1. Fraction Female Agency Heads

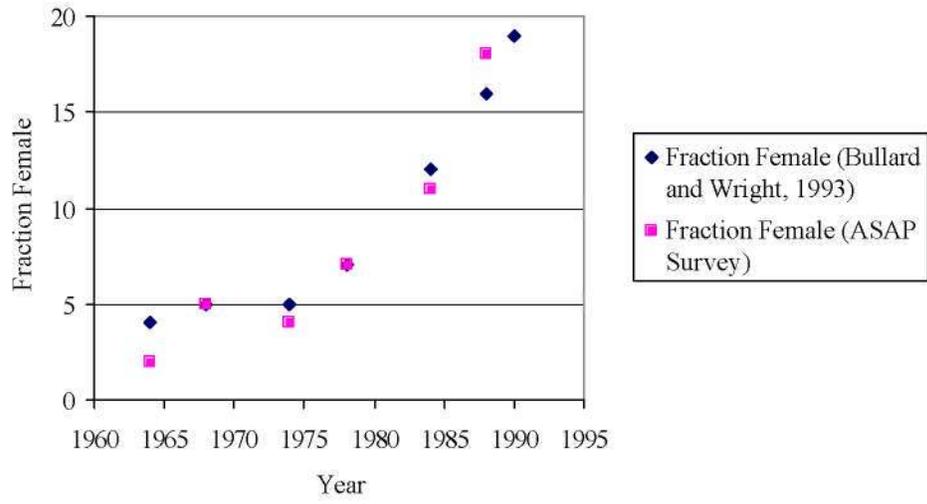


Figure 2. Fraction Female Executives in Nonprofits by Organization Size

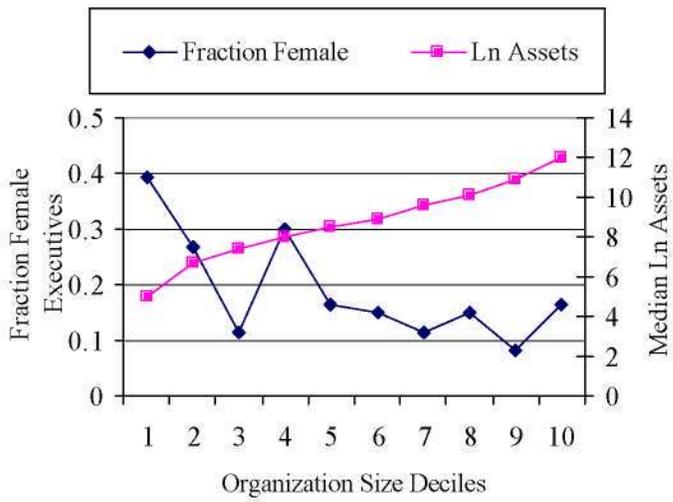


Table 1. Sample Means (and Standard Errors) for Charities and their Top Managers

	(1)	(2)	(3)	(4)	(5)	(6)
	all years	1990	1991	1992	1993	1994
<u>Charity Heads:</u>						
Compensation (in thousands)	137.54 (3.20)	134.49 (8.46)	123.29 (8.26)	143.66 (6.77)	138.25 (6.48)	140.53 (6.44)
Fraction Female	0.19 (0.02)	0.19 (0.04)	0.17 (0.04)	0.17 (0.03)	0.22 (0.03)	0.19 (0.03)
<u>Charities – Financial (in thousands):</u>						
Total Income	54200 (6114)	41144 (7151)	53047 (13110)	55588 (13648)	61572 (14978)	54784 (13458)
Total Expenses	51578 (5808)	42850 (7459)	48442 (11635)	53310 (13173)	56037 (13653)	52912 (13259)
Prog. Serv. Expenses	42174 (5271)	32261 (5860)	40583 (10800)	42632 (11914)	47180 (12498)	44148 (12092)
Admin. Expenses	3308 (296)	2931 (495)	2930 (531)	3459 (677)	3414 (659)	3508 (686)
Fund Raising Expenses	5059 (378)	4793 (924)	4928 (872)	5067 (784)	5237 (812)	5120 (815)
Net Ending Assets	55252 (11351)	26128 (7182)	90267 (52421)	43360 (13247)	75804 (33180)	46966 (13417)
(Prog. Serv. Expense)/ (Total Expense)	0.76 (0.005)	0.75 (0.01)	0.73 (0.02)	0.76 (0.01)	0.77 (0.01)	0.77 (0.01)
N	606	96	78	141	144	147

Notes: Data collected from the Council of Better Business Bureaus, Incorporated, *Annual Charity Indexes*, 1993-1996. All financial figures are in thousands of real (1995) dollars.

Table 2. Statistics by Industry

	(1)	(2)	(3)	(4)	(5)	(6)
	fraction female	pay	expenses	assets	(program service expense / total expense)	N
animal protection	0.31 (0.06)	137 (12)	18769 (3803)	17378 (3018)	0.71 (0.01)	54
child sponsorship	0.33 (0.11)	126 (6)	47854 (8371)	11123 (1971)	0.79 (0.01)	21
civil rights / social action	0.21 (0.06)	130 (10)	11609 (2237)	9665 (2351)	0.71 (0.02)	43
crime / delinquency protection	0.30 (0.10)	93 (8)	11961 (3997)	4782 (1658)	0.74 (0.02)	23
culture, historical societies, memorials	0.22 (0.15)	148 (32)	14454 (4776)	31361 (8485)	0.61 (0.07)	9
education / instruction related	0.27 (0.14)	78 (12)	17264 (6103)	26680 (6873)	0.64 (0.03)	11
employment / jobs	0.14 (0.14)	123 (32)	4934 (1047)	2718 (948)	0.73 (0.04)	7
environmental quality, protection	0.12 (0.05)	153 (8)	34760 (9956)	92048 (39446)	0.77 (0.01)	43
food / housing / shelter	0.64 (0.15)	85 (10)	15849 (5798)	4278 (1163)	0.75 (0.02)	11
health: cancer	0.35 (0.08)	135 (12)	57552 (22034)	67023 (30687)	0.73 (0.01)	34
health: specific named diseases	0.17 (0.08)	154 (11)	22428 (4808)	9341 (1945)	0.71 (0.02)	23
health: diseases of specific organs	0.17 (0.08)	175 (19)	74319 (24760)	67960 (22332)	0.78 (0.03)	23
health: nerve, muscle, and bone diseases	0.05 (0.05)	215 (18)	64119 (10073)	41046 (7461)	0.76 (0.01)	19
health: birth defects and genetic diseases	0.57 (0.20)	178 (5)	80272 (25793)	22369 (8485)	0.78 (0.01)	7
health: rehabilitative	0.00 (0.00)	202 (20)	78923 (18579)	414318 (230093)	0.83 (0.02)	25
human services	0.27 (0.05)	112 (8)	85238 (34323)	82265 (30506)	0.75 (0.01)	86
international development / relief services	0.08 (0.03)	122 (7)	88417 (13439)	18092 (3278)	0.84 (0.01)	97
international understanding / human rights	0.00 (0.00)	90 (3)	11984 (3974)	3026 (588)	0.73 (0.02)	11
military / veterans organizations	0.05 (0.05)	128 (13)	33921 (7049)	16292 (4210)	0.68 (0.03)	19
public policy (U.S.)	0.00 (0.00)	264 (98)	13676 (4978)	17737 (9515)	0.80 (0.03)	4
recreation, leisure, sports	0.00 (0.00)	247 (51)	50948 (11113)	42693 (10331)	0.76 (0.02)	8
religion related / spiritual development	0.00 (0.00)	152 (17)	44064 (10769)	163779 (63512)	0.77 (0.02)	8
youth development	0.00 (0.00)	174 (22)	52944 (15180)	49377 (17251)	0.77 (0.02)	19
public safety	0.00 ( -- )	47 ( -- )	926 ( -- )	658 ( -- )	0.77 ( -- )	1
<b>TOTAL</b>	<b>0.19 (0.02)</b>	<b>138 (3)</b>	<b>51578 (5808)</b>	<b>55252 (11351)</b>	<b>0.76 (0.005)</b>	<b>606</b>

Notes: Data collected from the Council of Better Business Bureaus, Incorporated, *Annual Charity Indexes*, 1993-1996. All financial figures are in thousands of real (1995) dollars.

Table 3. Differences by Gender (Standard errors are in parentheses)

	(1)	(2)	(3)	(4)
	full sample	female heads	male heads	t-statistic
<u>Charity Heads:</u>				
Compensation	137.54 (3.20)	110.44 (5.25)	143.89 (3.69)	5.21***
Fraction Female	0.19 (0.02)	1.00	0.00	--
<u>Charities – Financial:</u>				
Total Income	54200 (6114)	67156 (22286)	51165 (4250)	0.59
Total Expenses	51578 (5808)	64709 (25684)	48503 (3919)	0.62
Net Ending Assets	55252 (11351)	52161 (22729)	55976 (12969)	0.15
(Prog. Serv. Expense)/ (Total Expense)	0.76 (0.005)	0.77 (0.01)	0.76 (0.01)	1.07
N	606	115	491	--

Notes: Data collected from the Council of Better Business Bureaus, Incorporated, *Annual Charity Indexes*, 1993-1996. All financial figures are in thousands of real (1995) dollars. t-statistics are for the difference in sample means by gender of the head of the organizations.

Table 4. The Effect of Gender on Pay in American Charities: Dependent variable is log of annual compensation

	(1)	(2)	(3)	(4)
female	-0.193*** (0.074)	-0.086 (0.069)	-0.103 (0.068)	-0.065 (0.093)
ln(assets)	—	0.125*** (0.013)	0.117*** (0.013)	0.054 (0.032)
(prog. serv. expense)/ (total expense)	—	—	1.044*** (0.229)	-0.116 (0.215)
charity fixed effects	no	no	no	219 of them
constant	4.724*** (0.074)	3.636*** (0.132)	2.917*** (0.204)	4.294*** (0.342)
$\bar{R}^2$	0.010	0.141	0.169	0.839
N	606	606	606	606

Notes: Data collected from the Council of Better Business Bureaus, Incorporated, *Annual Charity Indexes*, 1993-1996. Annual time indicators are included in all specifications. \*\*\* and \*\* represent significance at the 0.01, and 0.05 levels, respectively.

Table 5. Sample Selection: Comparison of Data with Different Sample (standard errors are in parentheses)

	Current Sample	Data from IRS	t-statistic
Compensation (thousands)	137.54 (3.20)	156.01 (1.77)	5.71***
Total Expenses (thousands)	51578 (5808)	55643 (1502)	0.69
Net Ending Assets (thousands)	55252 (11351)	58281 (1774)	0.26
Program Service Expense / Total Expense	0.76 (0.005)	0.82 (0.001)	11.86***
N	606	24626	

Notes: Data for column 1 are collected from the Council of Better Business Bureaus, Incorporated, *Annual Charity Indexes*, 1993-1996. All financial figures are in thousands of real (1995) dollars. Data from column 2 are from an extract from the Internal Revenue Service Forms 990 for 1992-95. The data in this column do not contain a gender identifier for the head of the organization.