

Human Resource Administration in Relation to CEOs in Not-For-Profit Organizations

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Abstract – The purpose of this paper is to consider whether those non-profit organizations which exhibit more similar characteristics to market organizations regarding the percentage of paid employees with functions similar to the ones in market organizations in relationship with total workers have a different model of human resource management in relation to their CEO than those organizations which exhibit fewer similarities to market organizations. Hypotheses proposed in this study have been tested using a sample of 1,999 Spanish non-profit organizations. The results show that the CEOs of non-profit organizations with most similarity to for-profit organizations will have a more formal employment relationship and a higher level of education than the CEOs of non-profits with least similarity to for-profit organizations. This paper has several limitations from the heterogeneity of the sample to the fact that the conducted study is a cross-sectional study of the current situation. The practical implications of this paper imply that non-profit organizations which are evolving, in terms of their workforce, towards a high percentage of paid employees or those who are already in this position will have to adapt to the way in which for-profit organizations operate if they wish to achieve levels of effectiveness and efficiency to make them competitive in this sector. One of the reasons for proposing this work is the small number of empirical studies trying to address systematically the relationship between the CEO and the characteristics of non-profit organizations.

Keywords: Human resource management, Non-profit organizations, Chief executives

I. INTRODUCTION

The management of non-profit organizations has different characteristics from that of market organizations. Their human resource management function also has different characteristics. Nevertheless, increasingly, both models of management exhibit more and more similarities. Some of the reasons for this are: the growing number of remunerated staff hired by non-profit organizations; the

appearance of non-profit organizations with similar activities and areas, increasing competition between them; and the importance attributed by market organizations in recent years to socially responsible development or to motivating their qualified personnel through adopting positions which are not simply salary related. The narrowing gap between these two types of organization is revealed by the high proportion of company managers involved in the management of non-profit organizations (Schweitzer, 1998).

As a consequence, one of the reasons for this study is to understand whether this narrowing gap between the characteristics of both types of organization has had an effect on the management of non-profit organizations. Specifically, we consider whether those non-profit organizations which exhibit more similar characteristics to market organizations have a different model of human resource management in relation to their CEO than those organizations which exhibit fewer similarities to market organizations. To this end, we consider the principal human resource management activities: hiring, training and remuneration in relation to CEOs. Another of the reasons for proposing this work is the small number of empirical studies trying to address systematically the relationship between the CEO and the characteristics of non-profit organizations, since in most cases those that exist are informative works or with little scientific rigour.

First, we examine theoretical aspects in relation to non-profit organizations and, specifically, those related to their managers and the different human resource management practices which affect employees most directly, that is to say, hiring, training and remuneration. Following this, a series of hypotheses is proposed using a review of the literature on the subject as a starting point. These hypotheses will be tested empirically using a study conducted in Spain on non-profit organizations.

Finally, we present and discuss the results of the study and their practical implications, concluding with a discussion

of the limitations of the study and subjects for future research. Non-profit organizations and the management of their senior executives, when it comes to define non-profit organizations there is no accord in the literature on what kind of organizations should be included (Blackmore, 2004). Also, there is no legal definition that helps to characterize these organizations (Butler and Wilson, 1990).

Hudson (1999) considers that these organizations are sometimes defined as third sector, as a complement to public and private sector. Armstrong (1992) suggests that there are differences which distinguish the voluntary sector from the public and private sectors: 1) Organisations in the voluntary sector tend to be strongly value-led. 2) The people who choose to work for these organisations may do so because they are committed to its cause. 3) Professional managers in voluntary organisations are likely to be accountable to a number of interest groups (trustees, providers of funds, voluntary workers and users of the service). 4) Organisations in this sector may be subject to complex decision-making processes and are often run by groups or committees, making decision making a long and complex process. 5) Funding streams may be irregular and unpredictable, making long-term planning difficult. Defourny and Monzo'n (1992, p. 36) consider that the following features can be ascribed to non-profit organizations "purpose of serving members or the collective rather than profit, independent administration, democratic decision-making process, priority given to persons and labour rather than capital in the redistribution of revenues".

As being a formal, private, non-profit, self-governing and voluntary organization. Nevertheless, in accordance with Arago'n-Correa *et al.* (2004), this study has modified the non-profit characteristic, and replaces it with the characteristic of restricting the distribution of its possible profits. Therefore, the non-profit organizations considered in this study are public and private cooperatives, mutualities, foundations and associations, which have restricted the distribution of its possible profits. Moreover, from the human resource management perspective, Parry *et al.* (2005) found some differences on human resource management between voluntary and public sector providers of drug and alcohol services. In this study, taking into consideration the human resource management focus, the characteristic which most clearly identifies and differentiates non-profit organizations from market organizations is the percentage of paid employees they have with functions similar to those in market organizations, such that the larger this proportion is,

the less differences there will be between them and market organizations and vice versa (Pauly, 1980). Moreover, Ja'ger *et al.* (2009) state that the employment of volunteers, therefore, non-salaried, is one of the typical traits of non-profit organizations.

With regards to the contractual relationship, different levels of formality can be ascribed to the employment relationship between non-profit organizations and their CEOs. The relationship may involve a permanent or temporary contract, which may be full or part time, or else, dispensing with a contract, the relationship may be based on the CEO working voluntarily both on a full or part-time basis. However, the search for executives is not easy for non-profit organizations, as there are not usually appropriate mechanisms for matching supply and demand for managers' positions, and the transaction costs associated with potential managers and these organizations are high.

This is made clear in a survey carried out in the USA in 1996 in which 49% of the managers of non-profit organizations achieve their positions through information received from a friend (Austin, 1998). In the study by Austin (1998), it is stated that the principal source fuelling the requirement by non-profit organizations for executives are the CEOs of companies, with not only their directorial skills but also the financial contributions of their companies being sought. In exchange, CEOs gain personal satisfaction from serving the community and improving their expertise and contacts. Thus, in quantitative terms a survey of Fortune 500 CEOs, carried out between 1994 and 1997, documented that 82% of them served on average on four non-profit boards. In addition, as a high percentage of directors of large companies occupy top executive posts in non-profit organizations (Schweitzer, 1998), their relationship with these organizations can be more of a voluntary than a contractual nature and, of course, on a part-time basis, since they have to share their time between different non-profit organizations, in addition to carrying out their work in the company to which they are contracted. Another survey carried out in 1996 (USA) points out that belief in the non-profits' mission is the predominant reason why executives serve on non-profit boards (64%), followed by perceived benefits such as skill enhancement and networking, with 26%. Involvement with non-profits is high from an early period and grows to nearly universal participation later on. In the age group of 25-29, one in ten are involved with non-profits serving as board members; towards the other end of their careers, that is, between the ages of 55

and above, almost nine out of ten are involved and seven out of ten sit on boards (Austin, 1998).

II. CEOs IN NON-PROFIT ORGANIZATIONS

According to Tuft (1986), in the past, non-profits wanted issues-oriented executives with government backgrounds. However, human resources management has been an area of significant change in recent years (Palmer, 2003; Kellock Hay *et al.*, 2001) and a more general professionalization of management has taken place in non-profit organizations (Batsleer, 1995). This means that they have to offer competitive terms of employment in order to attract suitably qualified managers. Nonetheless, these organizations can offer executives more attractive opportunities which make them more attractive than for-profit organizations such as the chance to manage an entire organization and an opportunity for a high level of commitment and personal gratification. However, executives of for-profit organizations, unlike those of non-profit organizations, are accustomed to facing challenges of a short-term nature and to changing company if they are not able to meet them. This means that non-profit organizations have to mobilize their resources to keep valuable executives.

In terms of the training of the top management of non-profit organizations, the increase both in terms of the size and the number of institutions and in terms of complexity has generated a need to have suitably qualified professionals to manage them. Similarly, the study by Wimberley and Rubens (2002) reveals that the CEOs of non-profit organizations exhibit a general interest in acquiring new skills in strategic planning, fund raising and marketing. Nonetheless, the CEOs of smaller-sized organizations place greater emphasis on their interest in receiving better training in aspects related to fund raising and marketing and larger-sized organizations emphasize acquiring greater expertise in computer technology, legal and ethical issues and cooperation among non-profit organizations. Moreover, the desire to acquire new skills has more to do with personal development motives than an increase in income (Association Management, 2001).

All of this has led, in some developed countries, to the creation and development by universities of specific training programmes in the management of organizations of this kind (Wish and Mirabella, 1998) and the creation of educational institutions specialized in training and providing consultancy services for managers and employees of non-profit organizations (Muehrcke, 1997). Moreover, non-

profit organizations implement complex training programs using this training with strategic purposes to adapt to their environment (Cosier and Dalton, 1993; Watad and Ospina, 1999).

With regards to CEO remuneration in non-profit organizations, Frumkin (2001) considers that two competing points of view have developed in recent years in terms of executive pay in these institutions. On one hand, there are those who think that competing with for-profit organizations in order to attract the best managers by improving their remuneration is absurd, since a responsible non-profit organization cannot devote a substantial part of its donated resources to paying its executives' salaries, when these resources could be applied in various ways to meet the needs of its clients or to fulfil its mission. Therefore, CEO remuneration will be smaller in non-profit organization than for profit (Santoro, 1996; Wise, 1999).

On the other hand, there are those who believe that non-profit organizations have to pay their best employees competitive salaries if they wish to attract and retain the most talented individuals. Thus, the CEOs of large non-profit organizations must be able to adapt quickly to performing multiple tasks and to motivating both paid and voluntary workers and this requires individuals with strong leadership and management abilities ER 31,5 492 and expertise. For this reason, the remuneration package must be the same as that offered by a for-profit organization if it does not wish to be left with the management resources that nobody else wants (Brickley and van Horn, 2002; Frumkin, 2001).

From the first point of view, Preyra and Pink (2001), using the multi-task principal agent model of Holmstrom and Milgrom (1991), reach the conclusion that, on average, proprietary hospital CEOs earn twice as much as the CEOs of non-profit hospitals of a similar size. They attempt to justify, with little empirical evidence, this lower remuneration in terms of the psychological reward obtained from providing a community service. Also, Handy and Katz (1998) conclude that non-profit organizations tend to pay their managers a lower retribution than for-profit organizations. This lower monetary wage may be compensated partially by higher fringe benefits, and is adopted to generate positive self-selection among its managerial staff. Moreover, the lower retribution will attract managers more committed to the cause of the non-profit. This will be made easier for such managers by the fact that a low-managerial income earned in a non-

profit is less negative to social status than a low-managerial income earned in a for profit.

The agency problem, partially solved in for-profit organizations through aligning the interests of the company's management and owners by linking management pay to company results (a shared objective for principal and agent), is not so easy to resolve in non-profit organizations, given the difficulty in quantifying the results achieved by these organizations since their objectives are usually more diverse than those of for-profit organizations. In this case, CEOs could solve the agency problem by encouraging those activities that improve their welfare and direct compensation or via social benefits, exhibiting below optimum levels of effort (Clarkson, 1972; Fama and Jensen, 1983a, b; Hansmann, 1980). In this way, the efficiency of the organizations would be below their potential level. However, when the board has multidimensional objectives, as is the case with non-profit organizations, the agency problem is getting top executives to distribute their efforts across all of the dimensions of the organization's mission. The non-profit form is preferred because the absence of high-powered incentives such as share ownership reduces executives' incentives to place undue emphasis on improving financial performance at the expense of important but less observable tasks.

III. HYPOTHESES

As has been made clear earlier, there has been a significant increase in recent years in non-profit organizations both in size and in complexity and number. Kalleberg and Marsden (2005) report that public and non-profit organizations are much less apt than private-sector organizations to use some non-standard work arrangements as the use of employment intermediaries. Public-sector organizations are especially unlikely to use intermediaries, arguably by virtue of the institutional pressures that cloud the legitimacy of such practices. To a lesser extent, organizations in the non-profit sector also appear averse to these practices. However, non-profit organizations with a higher percentage of paid employees will experience more pressure to secure the services of executives of suitable ability to manage the organization efficiently and effectively than those with a lower proportion of paid employees, since they will be forced to obtain more resources and manage them better in order, in addition to fulfilling their mission, to be able to pay their employees promptly, whose high proportion may significantly deplete their budget (Coordinador de ONG para el desarrollo España, 2001). This requirement for

managers may lead to CEOs in non-profit organizations being offered attractive employment terms, not only to secure them but also to retain them, gaining maximum benefit from their wealth of expertise and experience.

Therefore, non-profit organizations offer permanent contracts to managers in order to attract them but above all to retain them since stable employment may mean that they do not have to seek other employment opportunities. In addition, as they spend all of their working day in one organization, the possibility that they might leave it will be lower than if they have contacts with other organizations, which may wish to secure their services and offer them more attractive terms of employment. In the light of the above discussion, we propose the following hypothesis:

H1: The degree of similarity between non-profit and for-profit organizations regarding percentage of paid employees has a positive influence on the degree of formality of the employment relationship with their CEOs.

As we have already commented earlier, when non-profit organizations increase their size in terms of paid employees, they will have to be more efficient and effective if they wish to survive. This requirement means that they need to have suitably qualified managers to address these greater challenges in terms of fund raising and managing the organizations' resources and projects (Batsleer, 1995). Moreover, as Frumkin (2001) indicates, the CEOs of large non-profit organizations must be individuals with high levels of leadership ability and administrative expertise, in order to be able to manage correctly an organization with different types of employees – some contracted and others volunteers – and, therefore, with different motivations for working. Consequently, we propose the following hypothesis:

H2: The degree of similarity between non-profit and for-profit organizations regarding percentage of paid employees has a positive influence on the level of training of their CEOs. Frumkin (2001) considers that it does not make sense for these organizations to offer remuneration packages with similar terms to those offered by for-profit organizations in order to attract the best CEOs when the extra cost implied by this decision could be devoted directly to fulfilling the organization's mission. Moreover, non-profit organizations have other incentives to attract managers, such as the personal satisfaction to be had from contributing to solving problems in the community or improving management skills through having a larger sphere of decision making or learning

about new tools or ways of motivating and leading (Austin, 1998). And when managers of non-profit organizations decide to improve their expertise, their motivation is more personal than that of improving their remuneration (Association Management, 2001). As a result, the pressure on non-profit organizations which appear more similar to for-profit organizations to attract sufficiently capable CEOs does not necessarily have to translate into offering similar remuneration packages. This is because non-profit organizations are able to offer other incentives apart from pay in order to attract executives.

However, another perspective proposed by Frumkin (2001) in relation to the remuneration of non-profit organization CEOs, considers that non-profit organizations should offer competitive salary packages to attract the best CEOs, and if we bear in mind that larger non-profit organizations in terms of the percentage of paid employees and, therefore, with more similar characteristics to those of for-profit organizations in terms of human resource structure, will require CEOs with sufficiently proven abilities and experience to deal with the pressures for efficiency and effectiveness in these organizations, then it is possible to assume that non-profit organizations will be obliged to offer salary packages that are at least similar to those offered by for-profit organizations in order to attract the best executives. In addition, we should bear in mind that recent trends with respect to managers' pay have seen the variable element in their total remuneration increase repeatedly, either through an additional financial consideration in accordance with targets achieved, or in social benefits or even by as take in the company's share capital (Perry and Zenner, 2000).

On the other hand, Ballou and Weisbrod (2003) show that performance-based compensation relative to salary for hospital CEOs is greater in the for profit than in the non-profit sector. Also, Preyra and Pink (2001) consider that the weak link between CEO remuneration and the performance of non-profit organizations implies that their variable remuneration will be lower because these managers will be less uncertain about their total remuneration than the managers of for-profit organizations. Therefore, it would be expected that, to the extent that non-profit organizations have more similar characteristics to those of for-profit organizations, the remuneration model for their CEOs will be similar and, as a result, the degree of similarity between non-profit and for-profit organizations has a positive influence on the proportion of the variable remuneration of their CEOs. Consequently, we propose the following hypothesis:

H3 : The degree of similarity between non-profit and for-profit organizations regarding percentage of paid employees has a positive influence on the proportion of the variable remuneration of their CEOs. Comparing the remuneration of the CEOs with the average remuneration of the employees of their non-profit organization enables the difference in pay between both groups to be appreciated. Barbeito and Bowman (1998) explained that the difference in salary between non-profit and for profit increases as the position moves from the clerical to the managerial level.

In accordance with our earlier discussion, non-profit organizations which have most in common with for-profit organizations will have CEOs with higher incomes than the CEOs of those organizations which resemble them least (Brandel, 2001). Therefore, in the study by Langer (1992) it is revealed that the remuneration of CEOs of non-profit organizations with 1,000 or more workers is almost three times greater than that of CEOs of non-profit organizations with less than 35 employees. The explanation for this is that there is a positive relationship between firm size and compensation arising from a "chain letter" effect, by which managerial effort enhances the productivity of all subordinates in the company hierarchy (Rosen, 1982). Moreover, Preyra and Pink (2001) reach the conclusion that the CEOs of non-profit hospitals earn 50% less on average than those in the industrial sector.

In terms of the employees, non-profit organizations which most resemble for-profit organizations will experience greater competitive pressures than those which least resemble them, given that having a greater percentage of paid employees will force them to adopt measures to improve their competitive position in order, amongst other objectives, to enable them to pay their employees (Coordinadora de ONG para el desarrollo Español, 2001). Offering competitive salaries in the labour market ought to be included in these measures in order to attract the best available employees. As a result, from the employees' perspective, the difference in remuneration between the CEO and the other employees will be less in non-profits with a greater resemblance to for-profit organizations than in those which resemble them least. Furthermore, the higher remuneration of CEOs in non-profit organizations most similar to for-profit organizations (Preyra and Pink, 2001) may be compensated for by higher pay for the other employees in non-profit organizations most similar to for-profit organizations. Consequently, we propose the following hypothesis:

H4 : The degree of similarity between non-profit and for-profit organizations regarding percentage of paid employees has a negative influence on the difference in remuneration between the CEO and the other employees of the organization.

IV. METHODOLOGY

Description of procedure and the sample: To collect the data, we developed a questionnaire after interviewing members of non-profit organizations familiar with the issues in this sector. Additionally, we had the opportunity to perform group dynamics with members of organizations and public institutions related to non-profit sector in order to familiarize with the issues of this sector. With the collaboration of various sectorial associations of these organizations from different geographical areas, together with public institutions, a census

of organizations was created and stratified by geographical area. This census included the necessary information on 19,724 entities of the following types: associations and public utility associations, foundations, cooperatives, worker owned companies and mutualities. The sample finally used consisted of 2,521 entities, obtaining a total of 1,999 valid questionnaires, representing 79.3% of the total extracted sample (see Table I for further details).

Measurement of Variables

The questionnaire used to obtain the required information was organized into a series of sections on different relative aspects related with management of non-profit entities. Specifically, and in relation to the variables comprising the object of this study, these were measured as shown in Table II.

TABLE I DESCRIPTION OF THE SAMPLE BY TYPES OF ENTITY AND RESPONSE RATIOS

Sl.No.	Types of entity	n	Responses	Percentage
1	Associations	908	878	96.7
2	Public utility associations	291	289	99.3
3	Foundations	362	267	73.8
4	Mutualities	207	66	31.9
5	Cooperatives	380	246	64.7
6	Worker owned companies	373	253	67.8
	Total	2,521	1,999	79.3

TABLE II MEASUREMENT OF VARIABLES

Sl. No.	Variable	Response options
1	Percentage of paid workers	Percentage of paid employees with functions similar to those in market organizations in relationship with total workers
2	CEO's level of education	1. Primary education 2. Secondary education 3. University studies 4. Advanced university studies
3	Type of contract governing employment relationship of CEOs with their organization	1. Permanent, full time 2. Permanent, part time 3. Temporary, full time 4. Temporary, part time 5. None
4	Percentage of variable remuneration (linked to the results achieved for the organization) received by CEOs in terms of their total remuneration	1. None 2. Less than 10% 3. Between 10 and 20% 4. Between 21 and 30% 5. More than 30%
5	Difference between remuneration of the CEO and other employees	Percentage by which the CEO's remuneration exceeds the average salary of the organization's paid employees

V. RESULTS

The hypotheses formulated above introduce the possibility that there are significant differences in human resource management, particularly in the case of CEOs, between organizations in the non-profit in Spain, according to the extent to which they resemble, to a greater or lesser degree, the characteristics of market organizations regarding percentage of paid employees. Taking the premise indicated earlier as a point of departure, according to which one of the characteristics which most clearly differentiates these organizations from market organizations is the percentage of paid employees they have with functions similar to those in market organizations in relationship with total workers, we began by dividing the organizations forming our sample into two groups. In order to establish this division, we have split the sample into organizations with a score above one standard deviation above the mean and a score one standard deviation below the mean. The average percentage of paid employees with functions similar to those in market organizations in relationship with total workers was 14 and the standard deviation was 78.

Therefore, organizations included in Group 1 could be categorized as non-profit entities whose characteristics are furthest away from market organizations regarding percentage of paid employees. On the other hand, those included in Group 2 would be those organizations which exhibit more similarity in regarding percentage of paid employees to market organizations. In accordance with this classification, Table III presents the results obtained using the χ^2 -test for difference in separate samples, in relation to the variables being measured. As may be deduced from the variables contained in Table III, H1, H2 and H4 are fully

supported with a high level of statistical significance ($p, 0.000$). However, we are unable to make a statement about H3, since the average values of the variable “Percentage of CEO’s variable remuneration” are practically the same for the two groups considered, there being no statistically significant differences between the two averages.

As a result, we can state that the Spanish non-profit organizations most similar to market organizations regarding percentage of paid employees usually have a stable relationship with their CEOs via permanent full time contracts, unlike those organizations with least similarity to market organizations, which tend to use less binding contractual arrangements (Table IV). Similarly, the organizations closer to market organizations usually require CEOs with a higher level of education, with this type of organization having a higher percentage of university educated managers (Table V). However, in these organizations we distinctively observe the least difference between the salary level of their CEOs and the average remuneration of the salaried workforce.

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TABLE III RESULTS OF THE χ^2 -TEST FOR DIFFERENCES BETWEEN THE GROUPS OF SPANISH NON-PROFIT ENTITIES UNDER CONSIDERATION

Sl. No.	Variable	Groups	n	Average	Typical dev.	Pearson’s χ^2	p
1	Type of contract governing employment relationship of CEOs with their organization	1	1,928	4.20	2.963	49.360	0.000
		2	52	1.83	2.281		
2	CEO’s level of education	1	1,928	2.92	1.466	36.693	0.000
		2	52	3.94	1.434		
3	Percentage of CEO’s variable remuneration	1	829	4.17	1.070	3.461	0.504
		2	37	4.41	0.934		
4	Difference in remuneration of the CEO and other employees	1	623	114.92	280.965	73.357	0.000
		2	27	65.93	98.254		

TABLE IV FREQUENCY DISTRIBUTION ACCORDING TO GROUPS OF ENTITIES AND CEO'S TYPE OF CONTRACT WITH ORGANIZATION

Groups	CEO's type of contract with organization				None (%)
	Permanent, full time (%)	Permanent, Part time (%)	Temporary, full time (%)	Temporary, Part time (%)	
1	42	3.9	2.1	1.2	48.9
2	86.5	1.9	0	0	5.8
Total	43.2	3.8	2.1	1.2	47.8

TABLE V FREQUENCY DISTRIBUTION ACCORDING TO GROUPS OF ENTITIES AND CEO'S LEVEL OF EDUCATION

Groups	CEO's level of education			
	Primary education (%)	Secondary education (%)	University studies (%)	Advanced University Studies (%)
1	15.1	27.7	20.6	34
2	0	11.5	11.5	71.2
Total	14.7	27.3	20.4	34.9

VI. DISCUSSION AND PRACTICAL IMPLICATIONS

In the light of the results obtained in the field study, we can conclude that the CEOs of non-profit organizations with most similarity to for-profit organizations regarding percentage of paid employees will have a more formalized employment relationship than non-profit with least similarity to for-profit organizations. This gives greater weight to the proposition in H1 that the greater pressures for efficiency and effectiveness on the former means that they enter a more formal relationship with their CEOs as a way of getting CEOs who are more committed to their organization. Therefore, using more stable contracts, non-profit organizations with most similarity to for-profit organizations regarding percentage of paid employees seek to retain their CEOs.

Moreover, CEOs of non-profit organizations with most similarity to for-profit organizations regarding percentage of paid employees will have a higher level of education than the CEOs of non-profit least similar to for-profit organizations regarding percentage of paid employees, given that a greater degree of expertise will be demanded of them in order to confront more complicated challenges in terms of fund raising, project management and organizational resources and in order to be able to manage correctly an organization with different types of workers (contracted and volunteers) and, therefore, with different motivations for working. However, there do not appear to be differences in the remuneration model (fixed and variable elements) of CEOs in non-profit organizations and the pressure on non-profit organizations which appear more similar to for-profit organizations regarding percentage of paid employees to attract sufficiently capable CEOs does not necessarily have to translate into offering similar remuneration packages. This is because non-

profit organizations are able to offer other incentives apart from pay in order to attract executives.

There are differences in terms of the difference in remuneration between the CEO and other employees of the organization. Thus, the non-profit most similar to for-profit organizations regarding percentage of paid employees have less differences in remuneration than those least similar, which would be explained by the greater need of the former to recruit and maintain qualified employees, leading them to offer their workers more competitive remuneration packages than those organizations least similar to for-profit organizations regarding percentage of paid employees. In addition, the higher remuneration of the CEO in non-profit most similar to for-profit organizations regarding percentage of paid employees is compensated by the higher remuneration of other employees in non-profit organizations more similar to for-profit organizations regarding percentage of paid employees, and as a result the difference in retribution between those two groups of employees is less in this case.

The practical implications of this study imply that non-profit organizations which are evolving, in terms of their work force, towards a high percentage of paid employees or are already in this position will have to adapt to the way in which for-profit organizations operate if they wish to achieve levels of effectiveness and efficiency to make them competitive in this sector. Thus, amongst other aspects, they must have the ability to attract and retain the most competent CEOs and employees in the labour market, which should lead them to offer attractive employment conditions in terms of the employment relationship (permanent contracts, full time, etc.) and remuneration packages, both for CEOs and for other employees.

VII. LIMITATIONS AND FUTURE RESEARCH

This study has several limitations from the heterogeneity of the sample to the fact that we have conducted a cross-sectional study of the current situation. The heterogeneity of the sample may mean that the values of several categories of non-profit organizations cancel each other out, and may mean that we obtain results lacking statistical significance. Thus, an individual study comparing the different organizational categories, although using a broader sample in each case, may allow more consistent results to be obtained and even allow comparisons to be made between categories in relation to the variables considered in this study. Moreover, a longitudinal study, which allows us to understand the evolution of the variables considered in this study, would enable us to appreciate more clearly and coherently the impacts and relationships considered in this study.

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