

# Changing dynamics in the Canadian voluntary sector: challenges in sustaining organizational capacity to support healthy communities

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## Abstract

The voluntary sector is recognized, by citizens, industry and government, as an increasingly vital contributor to healthy communities within Canadian society, called upon to provide front-line service delivery in areas of community support that were in the past often served by government and or religious charity. (The voluntary sector is large, consisting of an estimated 180,000 non-profit organizations [of which 80,000 are registered as charities] and hundreds of thousands more volunteer groups that are not incorporated [Statistics Canada, 2002].) The dynamics of the sector have changed considerably over the past decade, as government has pulled back the level of core organizational funding support and the role of the church has diminished.

As community health is directly related to the organizational health of service-providing non-profits and charities, these organizations are looking increasingly towards corporate and individual donors, along with new self-financing approaches that generate revenues. They are also facing challenges in attracting and retaining skilled and motivated volunteers.

As the scope of the voluntary sector and its overall influence grows, so do the organizational and financial challenges it faces. This article will address in particular the issue of funding support for healthy communities and examine a number of potential and existing best practices for sustaining community health in Canada. We will also look at the issue of volunteerism and human resource capacity challenges for organizations. This is an area in which the Canadian government has decided to focus as a result of explicit policy decisions taken in the late 1990s.

Caring for an individual, caring for a community requires a more integrated understanding of health that goes beyond direct services to addressing issues of social and economic isolation, food security, and the compound effects and interplay of seemingly disconnected influences. Healthy communities are certainly now understood to involve more than just the physical health of citizens. A healthy communities is here defined as exhibiting and

striving towards improved health and well-being of its members, meeting basic needs as well as encouraging dialogue, participation and leadership, embracing diversity, building relationships, making connections to resources and increasing a community's capacity to shape its future (Public Health Agency of Canada, URL: <http://www.phac-aspc.gc.ca/vs-sb/voluntarysector/glossary.html>; Healthy City Fall River, URL: [September 2006 Vol 126 No 6](http://www.</a></p>
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gfrpartners.com/Healthy-City-WhatIs.html).

Healthy communities are economically robust and resilient. We believe that communities themselves are best suited to articulate their health needs, be it through action or lobbying to address local, regional or territorial issues, or expressing and recognizing signs and symptoms of health problems among community members. And the health needs of communities are changing.

All modern societies face challenges in striking a balance between how various 'societal sectors' will influence, participate in and fund activities towards the creation of healthy and prosperous communities. In this article we will focus on the contributions and challenges of the smaller organizations in the voluntary sector, often referred to as operating within the community sector &ndash; the organizational space closest to people on a local level, and the sub-sector that faces the greatest challenges in financing its capacity to provide support and services essential to community health. Determinants of community health include, but are not limited to: income and social status; social support networks; education; employment and working conditions; social environments; physical environment; personal health practices and coping skills; healthy child development; culture; health services; gender; biology and genetic endowment. Community health is here defined as considering formal and informal networks and support systems, norms and cultural nuances, institutions, politics and belief systems (National Association of County and City Health Officials, Mobilizing for Action through Planning and Partnerships program, URL: [http://mapp.naccho.org/MAPP\\_Glossary.asp](http://mapp.naccho.org/MAPP_Glossary.asp); Public Health Agency of Canada, URL: <http://www.phac-aspc.gc.ca/vs-sb/voluntarysector/glossary.html>).

Why is the voluntary sector critical to community health? Perhaps because it leverages the most effective contributor to community capacity – the will of individuals themselves to come together within a collective conscience and donate their time, energy and know-how towards the goals of a healthy and sustainable community economy and environment. The voluntary sector is, by definition, all of that

which does not fall into the private or government sectors. The terminology itself is interesting, as this is very much a label without consensus – some prefer civil society, or charitable or non-profit. For consistency's sake, we use the term voluntary because this has become the most commonly accepted term used by those who operate at the higher levels of sector policy and funding.

Volunteering makes an important contribution to individuals' health as well: research by the UK charity Community Service Volunteers found that 48% of their sample who had volunteered for more than two years said volunteering makes them less depressed, and 63% of 25–34-year-olds and 62% of over 65s said volunteering helped them feel less stressed (<http://www.csv.org.uk/News/Depression.htm>).

The National Survey of Giving, Volunteering and Participation (Voluntary Sector Initiative, URL: <http://www.vsi-isbc.ca/eng/knowledge/nsgvp.cfm>) has found several factors becoming increasingly important in people's decisions to volunteer or not:

- ♦ the importance of time as a barrier to volunteering is increasing;
- ♦ the acquisition of job-skills are an increasing motivator, especially among younger volunteers; and
- ♦ an increase in employer support for volunteers.

Different age groups have different motivations for volunteering. Among Baby Boomers, the motivation for volunteering is high, but their expectations are also high. Volunteer work must be fun, interesting and challenging for them. Because they tend to focus on results over activities undertaken, they prefer to have greater involvement in program design. The motivations for younger individuals in the volunteer sector are also changing. For example, in the province of Ontario, school boards are mandating volunteer time. This presents a significant opportunity to strengthen the volunteer base and to grow the sector in a new generation, so long as young volunteers feel that their contributions are worthwhile and their voices are heard.

The voluntary sector can no longer be considered distinct from other areas of life.

Increasingly, the private sector is playing a role in volunteer work. The dynamics of the sector have changed considerably over the past decade as government's role as a funder has diminished, with non-profits and charities looking increasingly towards corporate and individual donors.

Private sector firms are increasingly encouraging their employees to volunteer, and these changes are starting to blur the lines between for-profit and not-for-profit entities. This private sector involvement stems in part from the growth in Corporate Social Responsibility, pushing companies to take into full account the effect on all stakeholders and on the environment when making decisions. Initiatives such as Imagine Canada (a national program to promote public and corporate giving, volunteering and support to the community: <http://www.imaginecanada.org>) have emerged as key mechanisms for increasing corporate funding of the sector. However, despite this support, many companies are still unable to meet the modest goal of donating one percent of pre-tax profits to charities and community causes.

Federal government involvement in supporting volunteerism has been changed since the International Year of the Volunteer in 2001. The relationship between the two sectors continues with the legacy of the Voluntary Sector Initiative and the Canadian Volunteerism Initiative, among other programs and initiatives set up in the federal government. However, the support offered at a federal level now involves less direct transfer of funds, and more capacity-building support for research on best practices in areas such as human resources development in the sector.

The voluntary sector in Canada is diverse in terms of scope and purpose. It includes over 150,000 not-for-profit and voluntary organizations, and 6.5 million volunteers giving two billion volunteer hours annually. Furthermore, it provides for two million paid jobs, represents CAN\$112 billion in annual revenues and CAN\$109 billion in assets (National Survey of Nonprofit and Voluntary Sector Organization, Statistics Canada, 2004, URL: <http://www.statcan.ca/english/sdds/5023.htm>).

Within the umbrella of the voluntary sector are organizations ranging from very

large to tiny in scope and capacity: Research hospitals with annual budgets of CAN\$30 million to church-basement meals-on-wheels run on CAN\$30,000 or less per year. Voluntary organizations may have hundreds of paid staff or be run entirely by volunteers on an informal basis. Their mandates range from research and policy development to front-line service delivery in the arts, health care, the environment, science and technology and social/human rights advocacy. It is this diversity that makes the sector so interesting, and that has also brought significant challenges in developing the unified voice that could help the voluntary sector stand alongside the public and private sectors, equal in political clout and influence, legitimate in the eyes of the Canadian public.

In many Canadian cities and regions, community organizations are emerging with integrated mandates and creative approaches to community health. One example is Santropol Roulant (<http://www.santropolroulant.org>), an innovative Montreal-based meals-on-wheels organization that addresses food security from an inter-generational perspective, bringing together people who would not normally interact, relationship-building and re-invigorating life in the city. Many others are attempting to achieve similar goals through diverse means. More accessible and grassroots than government agencies, these not-for-profit organizations may be created and even managed by the clientele themselves. Their mandates and programming are the direct expression of a community's needs, tailored to local cultural, socioeconomic and geographic dynamics. Operating on the fringe, they have the freedom to think broadly and openly about the way in which they 'serve' their community. It is time, then, to think broadly and openly about how these organizations are supported.

The relationship between a community and a community organization should be reciprocal – as a community expresses its needs in diverse ways, the community organization should respond, adapting and evolving its programming with new and ever-evolving methods of service delivery. This same standard can also apply to the institutions that support community organizations. The Canadian government and not-for-profit sectors are already

interdependent: charitable organizations are deeply anchored in their local context and provide services that address critical health needs of a community. The government depends on these groups to provide services and supports many of them to greater and lesser extents through funding and policy decisions. Canada's community organizations face significant challenges in expressing their complex and evolving needs, and in engendering the appropriate support from funding agencies, especially within the public sector.

It is widely recognized in Canada that in order for communities to be robust and healthy, the institutions caring for these communities must be robust and healthy as well (Distinct from healthcare organizations, organizational health implies the ability of an organization to deliver on its mission and assure high standards of program development and implementation, maintain a vibrant and robust internal culture, plan for the future, and evolve engaging initiatives that address and are relevant to a community's changing needs and interests). Although provinces and territories may choose to place a larger emphasis on the role of community organizations in providing health services and networks of support, the federal government is unique in establishing the climate for support and setting the tone for a national approach on community health. The recently elected Conservative minority government has, to date, shown little interest in renewed support for funding community health initiatives.

The most recent federal budget is an indicator that it is unlikely that these circumstances will change soon. Health care itself is seemingly a low priority, included within our new government's strategies to restore fiscal balance, and restricted to plans to address patient wait times and a focus on providing adequate support to provincial and territorial healthcare systems through the Canada Health Transfer. Support for the voluntary sector is being addressed solely through increased tax relief for the donation of stocks and other securities to charitable donations. Charitable organizations and other non-profit groups whose federal funding remains unaffected are constrained by complex accounting and reporting requirements, limited in their freedom to

make autonomous decisions, and tied to short-term funding commitments aimed at increasing accountability.

Organizations feeling threatened by funding cuts are striving to be more autonomous, and to be able to strategize about their long-term future instead of whether they can make next month's rent. Increasingly, smaller community organizations are turning to alternative sources of funding – ranging from individual donations to more creative and entrepreneurial self-financing strategies:

- ◆ Individual donors: Following the lead of larger groups such as the Canadian Cancer Society and Greenpeace, smaller community organizations are soliciting support through personal relationships and a trusting membership. Accountability can be more transparent when you are smaller, and members trust that their money will be well spent. Many smaller organizations, especially those that are relatively informal in structure, rely heavily on the generosity of individuals.
- ◆ Self-financing: These efforts range from bake sales to cabaret events to engaging local artists for designs that are printed on T-shirts, aprons and other goods for sale. While this approach seems to be a growing trend for community groups hoping to secure their future through revenue-generating activity, proper execution of this strategy is often much more difficult than it looks and many groups lack the knowledge, experience and resources to mount successful self-financing projects that could bring about the kind of long-term stability they seek.
- ◆ Municipal support: Relationship-building with local governments is increasingly viewed as an important means by which to leverage support and effect favourable policy decisions within communities themselves. Local politicians are more accountable and accessible to voters and cannot ignore the voice of community organizations whose strength is found at the local level, strongly anchored as community institutions. Many innovative community health initiatives have benefited from local government support, and public health is managed in

most Canadian provinces at the local or municipal level. However, local governments have limited revenue-generating capacity and are often faced with difficult decisions regarding resource allocation.

These creative approaches help generate revenues and also build internal spirit and energy from staff and volunteers. In reality, however, more formal and substantial funding mechanisms are needed. In response to this situation, different funding institutions are taking a lead and innovating in the way they communicate with and support community organizations. A number of examples are presented here to highlight the present state of innovation around community-sector funding:

- ◆ Centraide (<http://www.centraide-mtl.org>): The Montreal equivalent to the United Way has long been the City's largest single fund-raiser and donor. Centraide has placed considerable research and analysis effort into developing frameworks for dealing with community health in Canada's most impoverished major city. There is a focus on capacity-building and leadership at the grassroots level in key neighborhoods where isolation and poverty go hand-in-hand with poor individual and collective health as well as a lack of resources and, in many cases, people unable to cope with developing the local infrastructure to improve services. For example, in the Montreal district of St-Michel, Centraide has launched a pilot project in conjunction with 123Go to identify and support community leaders, with an emphasis on developing capacity to support families and in particular young children in their developmentally critical first five years of life.
- ◆ The Chagnon Family Foundation (<http://www.fondationchagnon.org>), which emerged five years ago to become Canada's largest private foundation, has also taken a very well-defined focus on community health and the health and development of young children in particular. The mission of the Foundation is, 'To contribute to the development and improvement of health through poverty and disease

prevention focused primarily on children and their parents, where health is defined as a complete state of physical, psychological, spiritual and social well-being.' The link is obvious – supporting families in the early childhood stage should translate into increased concern for life-long health. Healthier families make for healthier communities, which are more vibrant and prosperous. To achieve its goals, the Chagnon Foundation focused on particular geographic areas, taking a long-term approach to investment in community. To ensure appropriate local capacity, the Chagnon Foundation will actually found and seed organizations where none have existed, supporting leadership and working also to ensure government involvement and funding. The Chagnon Foundation's vision is clearly not to replace government as a societal actor in the promotion of community health, and it states its belief 'That governments take effective, preventive actions – universal, if necessary – and that they mobilize all stakeholders in the society, mainly in the province of Quebec, and convince them to adopt a preventive approach to the problems of disease and poverty.'

- ◆ Vartana Bank (<http://www.vartana.org>): At this stage still more a concept than anything else, Vartana Bank is a unique and novel proposition – a charitable bank. Realizing that the very nature of non-profit organizations presents difficulties in their access to traditional lending and financing instruments, the federal government has initiated support for the Vartana Concept at the urging of a significant number of Voluntary Sector leaders. The proposed Bank would ultimately be a full service national institution specializing in the provision of credit and other financial services to charitable sector organizations and provide tools that enable non-profit organizations such as registered charities to more efficiently address social issues on a sustainable basis and be more independent of government. The Bank would be unique in having the status of a registered charity (with Canada Revenue Agency [CRA], which registers qualifying organizations as charities,

gives technical advice on operating a charity, and handles audit and compliance activities [<http://www.cra-arc.gc.ca/tax/charities/menu-e.html>]) as well as in terms of its focus on registered charities. As a source of financing for charitable organizations in Canada, the Bank would be positioned between conservative traditional financial institutions and more progressive (including community-based) lending organizations. Individual Canadians can support the bank and its purposes by investing in term deposits or direct donation. As a charity, the Bank is required to exclusively engage in charitable activities (as defined by CRA), which means that its provision of credit and related services will be limited to registered charities and other charitable activities (as defined by CRA). The Bank's voting shareholders will be exclusively registered charities. The Bank will offer financial products designed to meet the specific needs of organizations pursuing charitable activities. The Bank will offer a wide range of financial products and services, including deposit products (e.g. operating and savings accounts, GICs), credit products (e.g. lines of credit, demand and term loans, mortgages, credit cards) and financial advisors who understand the needs of the charitable sector. A key strength of the Bank will be these financial advisors who will help develop financial plans and identify the financial tools that would best serve the needs of individual organizations. If the pilot phase is successful offices will be opened across Canada.

We have illustrated in this article creative responses to funding the community sector that have been undertaken or are proposed within the Canadian context. Canada has indeed undergone a series of clearly identifiable shifts in sectoral influence and dynamics during the postwar period. The first phase of this period saw a dramatic increase in the role of government in supporting general social welfare through direct funding that built capacity in many sectors, including access to medical services that led to the establishment of Canada's

universal publicly funded medical system in the 1960s. More recently, beginning in the 1970s, the growth of government's role reflected policy development that was driven by the recognition that community health was not just about access to medical care. This led again to the further development of federal support for capacity related to community health.

It is now clear that we have emerged from another transition phase within which government, driven by the adoption of more fiscally conservative policy at the federal level, is moving away from funding the voluntary sector. In the name of cost-cutting and using the argument of 'role-redefinition', the Canadian federal government has made significant reductions in core funding for organizational operations, turning instead to

developing and funding mechanisms to support volunteerism and better understand how government can support the voluntary sector.

The challenge remains that even if volunteerism rates increase, organizations need funding and leadership capacity. How do we fund capacity for healthy communities and the community sector? Who will finance initiatives like the Vartana Bank and how will Vartana Bank ensure that it understand the needs of communities? Important questions remain to be answered regarding funding and capacity support for healthy communities and the community sector. For example, how are the health needs of a community expressed and understood across the public, private and not-for-profit sectors? How are these sectors

repositioning themselves internally and in relation to each other, and what are the effects on community health?

The voluntary sector must become more effective in communicating its needs and the needs of the communities being served. A broader and more diverse funding base may bring about more autonomy, but this approach still often falls short of organizations' needs. And for many organizations, the federal government is still their largest (and, often unstable) funding partner. The voluntary sector as a whole must redefine their discourse in order to effectively communicate their worth, both to funders and to the many motivated individuals who donate their time year over year.