



**The Voluntary Sector in Canada: Literature Review and Strategic Considerations for a  
Human Resources Sector Study**

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## **EXECUTIVE SUMMARY**

The “voluntary” or “nonprofit” sector is now recognized both as an important element of Canadian society and an important source of employment in Canada. However, little is known about the human resources and training issues facing the sector. This report assesses the feasibility of conducting a national Human Resources (HR) Nonprofit Sector Study. It provides an analytical overview of the existing literature, highlights gaps in the current state of knowledge, and explores the issues that might emerge in undertaking a Sector Study.

Research on the voluntary or nonprofit sector is often complicated by the lack of a consistent nomenclature for this area of study. After reviewing the literature regarding definitions, labels, and classification of the sector we offer a number of recommendations about the best ways to define the sector for the purpose of an HR Sector Study. While many labels exist to describe the sector, we recommend that the term “nonprofit sector” be used to describe the organizations of interest for future study. This term reflects the economic non-profit maximization criterion, while also implicitly distinguishing the sector from the market and the state. Recommendations are also provided regarding appropriate classification frameworks for the design of an HR Sector Study. We argue that a three-dimensional classification system be employed that considers not only the type of organization (mutual benefit or public service) and the domain of action (e.g., health, culture, environment) but also types of action (e.g., the production of goods or services, advocacy, community action).

Although limited, the available information about the size and scope of the nonprofit sector indicates that it plays an important role in Canada’s economy in addition to its other contributions to the quality of Canadian life. There are an estimated 175,000 Canadian nonprofit organizations and estimates of their contribution to the Gross Domestic Product range from 4 to over 12 percent. Those organizations that are registered charities (approximately 75,000 organizations) are estimated to employ nine percent of the labour force with two-thirds of this employment being full-time in nature. In addition, they employ the services of over 1.6 million volunteers in a typical month.

Our review also points out the roles that (1) organizational, tax and supervisory policies set out by Canadian governments and (2) demand and supply-side factors have played in influencing the growth and character of nonprofit sector organizations. Currently, nonprofit organizations are facing a number of challenges: pressures to meet increased demand for a wider range of needs; public demand for greater transparency and accountability; and increased insecurity about their own funding.

A review of the literature and exploration of HR, management and workplace development initiatives currently underway revealed a variety of gaps in available information on the sector. First, there is a limited understanding of the size of the population of organizations in the sector. Second, there is only sketchy data to profile employment in the sector. This information gap applies to issues as fundamental as how many people work in the sector, the characteristics of the sector’s workers (e.g., age, gender, education level), and what kinds of jobs they have. Available data are often too sweeping or very narrow in scope. Third, existing “snapshot” data fail to capture the dynamics of HR issues in a sector under constant change. Our examination of other research initiatives or programs underway on human resources in the sector revealed thirteen government initiatives (mostly provincial job training projects), several new nonprofit management educational

programs and twenty-four ongoing studies covering various topics (seven of which are national in scope).

This feasibility study – and specifically our stakeholder interviews with representatives of nonprofit organizations – leads us to believe that an HR Sector Study can provide a variety of benefits to the nonprofit sector in terms of strengthening its infrastructure and furthering its development. A sector study would begin to address information gaps identified by sector stakeholders on topics such as workforce demographics; training; employment opportunities and trends; work conditions; compensation and benefits; the skills used and types of work performed in different organizations; and the different characteristics of the sector’s paid and volunteer workforce, examining the special case of having to integrate the two workforces.

The stakeholders we interviewed expressed widespread interest in a national HR Nonprofit Sector Study. We received largely unqualified support for the concept, although some participants stressed the need to address key issues such as: ensuring that it is sector-driven; that the scope of the study is not too broad (i.e., it should concentrate on subsectors); and that the outcomes are practical. Decisions by stakeholders about becoming involved in a Sector Study process would depend both on the extent to which the study holds the promise of producing tangible results and the extent to which the costs of their involvement are minimized. Furthermore, organizations may require educating before they will “buy in” to a study.

Based on the above concerns and challenges, we identified three models for a Sector Study:

1. a comprehensive HR Sector Study for the entire nonprofit sector;
2. a targeted HR Sector Study that restricts the focus to a broad subset of the nonprofit sector; and
3. a series of HR Sub-sector Studies where the focus is restricted to an individual sub-sector and sector studies are conducted incrementally over time sub-sector by sub-sector.

The choice of the appropriate model will involve among other things, consideration of the extent to which HR issues cut across sub-sectors (e.g., the need for HR management training, volunteer management, revenue development skills), the logistical challenges of attempting to study several sub-sectors simultaneously, and the ability to develop criteria to guide the selection of sub-sectors for inclusion in a study.

The lack of basic knowledge on the nonprofit sector as well as its complexity and regional diversity make it difficult to choose the best option *a priori*. Preliminary research would allow more informed decisions about the study’s methodology. HRDC may find it useful to sponsor a one or two day roundtable of nonprofit stakeholders to understand the common HR issues of the sector and manage expectations around the outcomes of a study.

Our research suggests that an appropriate methodology for an HR study for the nonprofit sector would entail a qualitative/collaborative approach to information collection that addresses the diversity of the sector in terms of: size of organization, types of organizations (e.g., registered charities vs. other nonprofits, umbrella organizations vs. independent organizations), regional location, and rural vs. urban. A useful starting point to build on this approach and identify common issues would be to:

1. organize a series of focus groups to bring together a wide variety of sector organizations;  
and
2. to undertake a series of case studies to gain insights into how organizations function and the challenges they face.

Although a number of issues will have to be addressed to design the study, the most important issue may be getting “buy-in” from sector organizations, which will require maintaining a practical focus during the research. In this context, the qualitative/collaborative approach will not only provide valuable and grounding research on the nonprofit sector, but also maximize opportunities for a variety of groups to engage in a process of self-study and network building. Supplemental quantitative research may also prove to be of value to an HR Sector Study by improving our understanding of the sector particularly with regards to its size and composition.

## INTRODUCTION

The “voluntary” or “nonprofit” sector is an important element of Canadian society and one that is becoming increasingly more important as the relationships between markets, governments, and the social realm continue to evolve. People are at the crux of this sector, yet there are major gaps in the knowledge base that governments, sector managers, paid workers, volunteers and citizens need to have.

We know that this sector in Canada employs at least nine percent of the workforce, accounting for more of the employment, salaries and benefits than economic sectors such as the construction sector or the finance, insurance and real estate sector (Sharpe, 1994). Despite this significant role that the sector plays in the economy, little attention has been paid to the human resources and training issues that the sector faces. The purpose of this paper is to provide an analytical overview of the existing literature, reports and initiatives pertaining to the nonprofit sector, and to explore the issues that might emerge in undertaking a human resources sector study along the lines of similar studies which have been completed by HRDC in the past.

It is important to clarify at the outset what we are referring to when we use the term “voluntary” or “nonprofit” sector, because there is no consistent nomenclature for this area of study. The first section of this report therefore provides an overview of the literature pertaining to the definitions, labels, and classification of the sector, and makes recommendations about the best ways to define the sector for the purposes of thinking about human resource issues. The definition of the sector is followed in Section II by an outline of what we currently know about the size and scope of the sector in Canada.

A number of developments have increased awareness of the important role that the nonprofit sector plays in Canada’s economic and social development, and the potential for the sector to play an even larger role. Section III highlights the operating and public policy context that is influencing current developments in the nonprofit sector, which ultimately impacts issues around human resources. The section reviews the regulatory and legal context in which nonprofit organizations operate, and the demand and supply-side pressures that nonprofit organizations face in the currently evolving economic, social, and political context.

Section IV launches into a discussion of currently existing sources of data and literature on human resource issues in the nonprofit sector. This section involves a critical exploration of existing statistical databases and research studies, highlights the limitations and gaps in the research, and raises issues requiring further inquiry.

In pushing ahead with further research in this area, it would be important to avoid duplicating efforts currently being carried out elsewhere, and to build on synergies that might stem from activities being pursued by others thinking about similar issues. Section V provides an overview of research activities currently being carried out across the country on the nonprofit sector,

particularly in areas that might share complementarity with the kinds of issues considered in this paper.

Our final section explores in detail considerations that would be involved in undertaking a national human resources nonprofit sector study. Based on the literature review summarized in previous sections, and key informant interviews with over thirty sector stakeholders and sector study experts, this section considers the issues around conducting a sector study from several angles: the value of undertaking further research through a sector study, the kinds of issues which need to be covered, and sector interest and potential contribution. It then tackles a series of methodological challenges that would emerge around defining the scope of a sector study, and around undertaking research of both a qualitative and quantitative nature. This section ultimately weighs three options for proceeding with a human resources sector study.

Generating a knowledge base around human resource issues in the nonprofit sector is essential for ensuring that the nonprofit sector provides effective services, good employment opportunities, and contributes meaningfully to Canadian society in other ways, such as through its role in fostering “social capital”. Challenges notwithstanding, there is a need to strive towards developing comprehensive information related to human resources within the sector.

## **I. SECTORAL FRAMEWORK AND DEFINITION<sup>1</sup>**

All organizations fall into a general category of human action called *association*. *Association* refers to goal-oriented social relationships, of which the market and public sectors represent special cases, adhering to particular sets of rules. From this perspective, the nonprofit sector is a residual sector, for it includes all those forms of association that do not fall under the direct regulation of either the market or the state. Efforts to reduce these residual forms - which range from philanthropic foundations to symphony orchestras, homeless shelters and professional associations - to a single category of association are unlikely to be able to do them all equal justice. It may be more accurate to assume that there is more than one non-market, non-state sector, and indeed, some authors envision a four-sector rather than three-sector model of socio-economic institutions.

Presently, data on the organizations of the nonprofit sector are scarce, partial and scattered, and where it exists, it is often impossible to separate it from data on market sector organizations. This is both a cause and effect of the lack consensus in Canada, and world-wide, on a conceptual and operational definition of the sector. An initial, extensive data-collection effort is therefore likely to have significant consequences for the way that the sector comes to be identified in Canada, and for our conception of the sector's sub-components and structure. The question of sectoral framework and definition is thus critical to any systematic study undertaken at this point in time (Reed, 1997). Such a study would actually play a role in constituting, at least for a time, the sectoral "reality" in Canada.

### **Distinguishing Characteristics of the Sector: Value-rationality**

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<sup>1</sup>A more detailed discussion of the issues in this section appears in Appendix 1.

The literature on the nonprofit sector assumes that it is permeated by an ethos that sets it apart from both the market and public sectors. This ethos is believed to characterize the orientation of activities and exchanges within the sector. Not all nonprofit sector organizations share similar values, norms or ideologies, yet they are distinguishable from market organizations simply by virtue of eschewing the profit motive, and from public establishments in that they are directly accountable to particular communities (often those that provide their funding) rather than to a government mandate.<sup>2</sup> Thus, what nonprofit sector organizations share are certain *criteria* of rationality. Neither self-interest, as in the market, nor political authority, as in the public sector, lie at the foundation of nonprofit sector activity. Action in the nonprofit sector is considered rational in so far as it is oriented towards values, ideals, and a cause. More than profit-seeking or social regulation, it is a sense of community ties that inspires the nonprofit sector.

This does not mean, however, that in the real world, all nonprofit sector organizations adhere to a pure, community-bound and value-laden ethos. Partnerships and contracting with the state closely tie some community organizations to social regulation and bureaucratic action. Grant cutbacks, fund-raising activities and fierce competition for scarce donations push many towards profit-maximizing activities. Volunteers whose participation is geared essentially towards a cause or a set of values are joined by paid professional staff whose participation may be more self-interested, and by welfare recipients on programs who are there principally to meet government requirements. Real world boundaries between commercial, bureaucratic and community action - and by extrapolation, between the market, public and nonprofit sectors - are fuzzy and growing fuzzier. Nonetheless a nonprofit sector *core* can be positively identified as those associations that organize towards a *self-defined cause* rather than a mandate, and around *community ties* rather than capital.

### **Labels: A Question of Sector Identity**

Labels have profound symbolic power. Lohmann (1989) contends that most of the labels used to refer to the nonprofit sector are negative or equivocal, defining the sector by what it is *not*; he argues that they assume nonprofit activity to be somehow deviant, and that they reflect that assumption back to the public. Yet negative labels can sometimes have powerful, positive symbolic value. For example, most people recognize that the label “nonprofit” has powerful positive connotations of trustworthiness, altruism and civic-mindedness. Under certain conditions, this label affords an organization a measure of symbolic capital that similar, for-profit organizations lack (Schlesinger, 1994).

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<sup>2</sup> Where governments provide a major part of the funding for nonprofit organizations, these organizations may find themselves more accountable to government than to nongovernmental communities. In many nonprofits, this tendency is mitigated by the composition of the board of directors, which tends to be drawn from members of the local community rather than from government. We will see later that where boards are dominated by government representatives, the organization may no longer be considered part of the nonprofit sector. Nonetheless, it will become increasingly evident that the boundaries between statutory, market and nonprofit organizations are inevitably blurred.

The list of labels that have been applied to the types of organizations that we are focussing on here is long, and not all of them are “negative”, in the sense of referring to what the sector is *not*. The list includes not only the “nonprofit” and the “third” sector, but also the “voluntary” sector, the “community” sector, the “civic” sector, the “social economy” and others that clearly say something about what the sector *is*. For the purposes of a sector study, two considerations should guide the choice of a label. First, it should focus attention on what distinguishes these organizations from others on which sector studies might also be conducted. Second, it should be *meaningful* for all those organizations that identify themselves as part of the sector.

The choice of a label for the sector will also depend, however, on how we establish the sector’s boundaries. The widely-used label “third sector” (*tiers secteur* in French) translates the usual understanding of the sector as a residual category of associations including *every* type of social institution that is not state (public) or market (private) except, perhaps, the family or domestic sphere. But there is still considerable confusion around this assumption. Can *all* non-market, non-state associations be considered part of a single, residual sector? Many authors propose a four-sector rather than the traditional three-sector framework for categorizing our socio-economic institutions. Various versions of the four-sector model exist, but most ultimately seek to distinguish between formal and informal associations, or between collectively organized and individually organized activities. Many traditional labels, such as the “third sector,” the “voluntary sector” and others, do not recognize this distinction. Yet, for several reasons, we would argue that such a distinction is important for a sector study.

First, a single study focussing on a residual nonprofit sector, defined in the broadest possible terms, is likely to be unfeasible because of its nearly unlimited scope. Second, it is methodologically problematic to place organizations and individuals on the same analytical footing, so that separate analyses of formal, organized activities and informal, individual activities would have to be carried out in any case. Third, the emergence or reinforcement of a somewhat coherent sector identity is highly unlikely if organizations are assumed to share problems and issues with families, individual volunteers and people participating in civic activities. Finally, two surveys on volunteer activity have already been carried out by Statistics Canada (1987 and 1997) and others are planned, while no systematic studies of the organized nonprofit sector have ever been carried out in Canada. For all these reasons, as well as for reasons of eventual international comparison, we would argue that a sector study should focus on the organized or formal sector.

The label we would suggest for a sector limited in this fashion is the “nonprofit sector”. “Nonprofit” is a term in general use in both English and French (in Québec, the term OSBL, or *organisme à but non-lucratif*, is commonly recognized). It expresses in particular the sector’s distinction from the market, but also implies, in common parlance, “private” or non-public status. Finally, it clearly reflects a characteristic of *organizations* rather than individuals (for whom the term *voluntary* is more appropriate). There seems to be little value, at least in the context of a sector study, to consider the nonprofit sector to be part of a broader, residual third sector. Rather we would argue that it can be better understood and analysed as a more or less coherent socio-

economic institutional sector in itself, much like the market, public or domestic sectors, while recognizing the boundaries between all these sectors are somewhat fluid.

### **Definitions: Establishing Operational Boundaries**

Having established in a general sense what kind of activities or associations we are interested in, and having assigned them a label, it remains to provide an explicit definition of the nonprofit sector that reflects both its distinction from other socio-economic institutional sectors, and its positive characteristics. The importance of such a definition is twofold. First, it provides unambiguous guidelines regarding which organizations are to be included or excluded from a sector study, and second, it provides a basis for comparison with other provincial, national and international studies.

Definitions reflect the particular interest or angle of those who are doing the defining. Thus, legal definitions tend to focus on dimensions that interest government and that are related to rights and obligations. Tax status is an example. Economic definitions focus on capital, or on the accumulation and distribution of profits. Certainly, the term “nonprofit” reflects economic concerns, though its exact meaning remains controversial. Non-profit may refer to the non-distribution constraint - that is, the rule obligating nonprofit organizations to reinvest their profits in the activities of the organization rather than distributing them to owners, shareholders or controllers (Hansmann, 1987). According to this definition, cooperatives and mutuals would not be considered part of the sector. However, “nonprofit” may refer to non profit *seeking* or non profit *maximizing* activity, which would still allow for the redistribution of any surplus to meet collective objectives, including, as is the case with cooperatives, the improvement of working conditions for the staff (Vaillancourt, 1996). This type of controversy suggests to what extent the manner of defining the sector could have an impact on the types of organizations that are either included or excluded from a sector study.

In the context of a 12-country, international study of the nonprofit sector piloted by Johns-Hopkins University (Salamon and Anheier, 1992, 1997), a structural-operational definition with five dimensions was used. The criteria for inclusion were that organizations be 1) formally institutionalized to at least some degree; 2) non-governmental; 3) non profit-distributing; 4) self-governing; and 5) involve some meaningful degree of voluntary participation. This definition is rapidly becoming the international research standard for third sector studies (Table 1). We believe that there are considerable benefits in adopting a definition such as this one, which is multidimensional and allows for future international comparison. However, the national and historical conditions under which these types of associations become institutionalized varies so much from one country to another that none of those participating in the John-Hopkins study, other than the United States, was able to adopt this five-point definition without some frustration and adjustment.

A Canadian study, too, would have to make certain adjustments if it were to adopt this international definition. The salience of the non profit-distributing clause will have to be

confronted if a sector study is to apply a common definition of the sector throughout Canada, and particularly in Quebec, where the social economy is highly developed but includes cooperatives and mutuals. Operationally, this might involve modifying the non profit-distributing clause to refer instead to *non profit-maximizing* as opposed to non-profit distributing. Alternatively, the non-distribution clause could be limited to refer to *private* (as opposed to collective) appropriation of profits.

In the final analysis, even an operational definition of the sector can only offer a rough idea of its boundaries. Judgement calls will still have to be made. Appendix 1 provides a more detailed analysis of the literature and issues raised in this section in order to assist in making such judgements.

### **Classification: Imposing Internal Order**

Classification refers to the categories we provide for discriminating amongst the huge variety of organizations that are ultimately included in the sector definition, and therefore in the population of nonprofits. A classification system must allow us to identify similar organizations and to distinguish them from others along meaningful dimensions. It is important to note, however, that a coherent Canadian classification system as such does not exist. But on a broad level, federal and provincial laws tend to distinguish between three categories of nonprofits: 1) registered charities; 2) other incorporated nonprofits, which include both public service organizations (dedicated to providing a service to the general public) and mutual interest associations (dedicated to providing a service for their members); and 3) unincorporated nonprofits, which may or may not be registered in other ways with provincial governments. It is not a given, however, that this classification system is salient to a sector study.

Currently, an internal classification system exists for registered charities according to domain of activity, but a recent CCP study has pointed out important gaps and inconsistencies in that system (Sharpe, 1994). No systematic classification exists in Canada for incorporated nonprofits, though there may be at least as many of these as there are registered charities, while the number and types of unincorporated nonprofits is unknown. For the purposes of a sector study, we would want to maintain the ability to distinguish charities from other nonprofits, or incorporated nonprofits from the unincorporated. Another salient distinction is that between public service organizations and mutual benefit organizations. The principal differences between the two are the use of professional staff on the one hand, and the relation between staff, users and boards of directors on the other.

Another classification axis would undoubtedly be the *domain of activity*, though a far more thorough and updated version than that currently used for registered charities would have to be used. The most appropriate classification system by domain of activity appears the International Classification of Non Profit Organizations (ICNPO) developed and revised for the Johns-Hopkins international study of the nonprofit sector. There are three levels of classification: 12 major Activity Groups, 24 Subgroups, and a flexible (non-standardized) series of Activities within each Subgroup (Figure 1). This modular system can be augmented to accommodate a slightly different

definition than that used for the John-Hopkins study, for example, one which includes mutuals and cooperatives. It is also possible to either interpret or adjust the system so as to distinguish between public service organizations and mutual interest associations, as may be desirable in the context of a Canadian sector study.

Finally, aside from the domain (or sub-sector) of activity and the distinction between public service and mutual benefit organizations, we would argue that it would be equally important to classify nonprofits according to the principal orientation of their activities, as discussed in the section on the distinguishing characteristics of the sector. This would involve indicating whether an organization was *primarily* oriented towards profitable, or market-like activities, towards social regulation, political or state-like activities, or towards value-rational, community-oriented activities. There is no doubt that hybrid organizations are becoming more and more common in the Canadian context, and that to ignore the fuzziness of the sector's boundaries is to take a utopian rather than realistic view of the sector (the same could of course be said for the market and public sectors). By including not only the *domain of activity*, but also *the type of activity*, a far more nuanced picture of the sector would be obtained, one that recognizes the importance of "soft" differences between member organizations of the sector.

The ideal classification system for sector study purposes, then, would incorporate, first and foremost, categories describing the *organizational type* (public service or mutual benefit), the *domain of activity* (e.g., Health), and, finally, the *type of activity* (oriented towards capital accumulation, social regulation or community ties). This combined classification system would be useful in the context of a sector study because it would allow a more nuanced distinction between organizations than the Johns-Hopkins system, which considers the *domain of activity* (e.g. health, housing, sports, culture, etc.), but classifies "advocacy", for example, as a domain of activity on the same level as "health" or "sports". The addition of an axis referring to the *type of activity* would eventually allow for distinguishing between, for example, "health: commercial lobbies", "health: service delivery", "health: professional associations", "health: advocacy", "health: self-help", and so on. Table 2 illustrates how this matrix might work; for each *domain of activity* listed in the ICNPO or any other descriptive classification system, organizations would be further categorized according to the matrix in Table 2.

## **Summary and Conclusions**

The question: "Is there really a sector behind the various labels and definitions?" is not a moot one. It is likely that, through labelling, defining, classifying, gathering data on and analyzing a collection of organizations, we actually provide or reinforce the basis for a common identity and definition of interests amongst the targeted organizations, and in the public eye. This is why it should be clear that the label "nonprofit sector," as used here, does not refer to a residual "third sector" including all associations and activities that are neither market nor state, but rather, to a specific subset of formal organizations. These may be incorporated or not, registered as charities or not, and may include paid workers, volunteers and people on government programs. Their common characteristics are that they be formally institutionalized to at least some degree; non-

governmental; nonprofit for private appropriation; self-governing; and that they involve some meaningful degree of voluntary participation, even if this is mainly at the level of the board of directors.

There is always some ambiguity in distinguishing nonprofit from market or public organizations, as all three can be engaged in similar domains of action and even in similar types of activity (e.g., producing goods or services either for sale or free to the public consumer or user). Hybrid organizations are not limited to the nonprofit sector: are crown corporations more like market or public institutions? This issue is highlighted by the salience of the social economy in Quebec and to a lesser degree, other provinces. The social economy includes all organizations involved in the production of goods and services organized towards human and social development rather than towards economic growth or profit. Nonprofit in some cases, such as that of cooperatives, does not mean that the total surplus is reinvested in the *operations* of the organization, but may also be invested in improving the working conditions - including the salary - of the staff. These organizations are nonprofit in that they eschew the *private* appropriation of surplus (which is, in contrast, the defining characteristic of the market economy). In short, any definition of the nonprofit sector will have to tolerate considerable ambiguity.

Moreover, it may be reasonable to make certain *ad hoc* decisions about inclusion in, or exclusion from a sector study on bases other than a sector definition. For example, Canadian studies have shown the importance of separating out the large "statutory" nonprofits such as hospitals and universities from the rest of the nonprofits in their domain of activity (Sharpe, 1994). The question is: do we distinguish these institutions by size (number of paid staff or of all staff? What is the magic cut-off number?); by internal organization (level of bureaucratic development? Make-up of the board of directors?); by the extent to which they are regulated by the state (though all organizations are regulated) or by some other criterion? All of these, as we see, are difficult to define operationally. Depending on which criteria are used, they may or may not capture other large, institutionalized nonprofits as well, for example, some mutuals and cooperatives (e.g. Desjardin, Blue Cross). *Ad hoc* decisions might be made as well about domains of activity that have already been the subject of a sector study or would be better analysed along with market or state establishments in the same domain (e.g., hospitals and universities are for the most part public institutions in Québec and nonprofits in the rest of Canada, yet might be more valuably studied as a single sector). Finally, some *ad hoc* decisions may be made on grounds of interest alone (e.g., are we interested in including professional, business and worker associations in this sector study?).

To allow for such versatility with the minimum of distorting effects, we would argue that a sector study ought to be designed on the basis of a three-dimensional classification system that considers not only the *type of organization* (mutual benefit or public service) and the *domain of action* (e.g., health, culture, environment) but also *types of action* (e.g. the production of goods or services, advocacy, community action). Implementing such a representation of the sector in the context of a sector study would mean selecting, within each domain of action (or subsector) organizations of both types (mutual benefit and public service) that are involved in the three broad types of activities. This approach allows for considerable flexibility, in that not all domains of activity need be examined simultaneously, and

certain types of action could be excluded on an *ad hoc* basis. But it still ensures a high level of coherence: a similar scheme is applied to all domains of action so that they can eventually be compared with a view to highlighting both differences and similarities amongst nonprofit organizations in the sector as a whole.

Finally, we should keep in mind that there are constantly new forms of nonprofit organizations being invented. One Quebec example is the *corporations d'insertion au travail* (CITs), government subsidized and regulated nonprofit enterprises that provide training and work opportunities for the hard to employ, including the disabled, those with psycho social problems and disaffected youth. Ideally, these organizations eventually become self-sufficient. Quebec may also serve as a laboratory for studying aggressive job-creation strategies involving the nonprofit sector, particularly through intersectoral partnerships. Thus, new hybrids and new interfaces are in constant development so that any study of the nonprofit sector cannot afford to remain tightly bound by a static definition and classification system. This is the principal advantage of a versatile system that recognizes differences in the types of activities in which nonprofits engage, as well as in their domains of action and their organizational forms.

## II. SIZE AND SCOPE OF THE VOLUNTARY SECTOR

Our definition of the voluntary sector for the purposes of this section corresponds to the concept of the nonprofit sector employed most often by economists. We consider the sector to be comprised of organizations that are legally subject to a nondistribution constraint. Such organizations are prohibited from distributing profits (or financial surpluses) to those who “own” or control the organizations and do not have the pursuit of profit as their *raison d’être*.

It is important to emphasize at the outset that the amount of information that is available to construct a portrait of its size and scope is extremely limited. Government statistics do not distinguish economic activity in terms of the form of an organization (i.e., whether it is a for-profit or nonprofit organization). As a result, the only information that is available is that which is collected by Revenue Canada to provide information for the tax system. Revenue Canada divides nonprofit organizations into two broad classes: those that are registered charities and those that are not. It collects financial information from both types of nonprofits which we will use to describe, at least in a preliminary way, the size and scope of the sector.

Revenue Canada collects financial information on revenues and expenditures from all nonprofits that are registered charities. Only those nonprofit organizations which engage in charitable activity (defined as health, the relief of poverty, the advancement of religion, the advancement of education and other purposes of a charitable nature beneficial to the community as a whole) and do not offer material benefits to their members are eligible for charitable registration. Registered charities are required to file information returns (form T3010) to Revenue Canada on an annual basis. The data collected via these returns provides some information about the size and scope of registered charities.

Revenue Canada also collects information from only a portion of nonprofits that are not registered charities (those with revenues exceeding \$10,000 or whose total assets exceed \$200,000). Such nonprofits have only been required to file information returns since 1993 and many do not appear to be aware of their obligation to file. The data that Revenue Canada has on nonprofits that are not registered charities is therefore incomplete and provides only a partial understanding of the size and scope of these organizations. Unfortunately, it is the only data available.

Despite the limitations to the data on the nonprofit sector, it can provide valuable insights regarding the sector’s size and scope. As of February 1998, there were 75,455 registered charities in Canada according to Revenue Canada’s Charities Division. Quarter (1992) has estimated that there are, in addition over 100,000 other nonprofits (i.e., those that are not registered as charities). There are probably over 175,000 nonprofit organizations in total.

Estimates of the contribution of nonprofits to the Gross Domestic Product range from 4 percent (Day & Devlin, 1997) to over 12 percent<sup>3</sup> (Sharpe, 1994). In terms of their role in employment, Sharpe (1994) estimates that charities alone employ nine percent of the Canadian labour force

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<sup>3</sup> Sharpe (1994) estimates that registered charities contribute from 12 to 13% of Canada’s GDP.

with two-thirds of this employment being full-time in nature. In addition, charities draw on the human resources of an estimated 1.6 million volunteers who contribute their time to registered charities in a typical month (with 2.9 million contributing time during peak periods) (Sharpe, 1994).

In the following sections we use Revenue Canada data on registered charities and other nonprofits to portray their size and scope in more detail.

### **Registered Charities**

Hall and Macpherson (1997) describe the size and scope of registered charities in terms of their distribution and their revenues. Using Revenue Canada data they estimate that 71,413 Canadian charities received almost \$90.5 billion in revenues in 1994. Approximately 60 percent of all revenues come from government sources with 26 percent coming from earned income and 14 percent from private giving. It should be noted, however, that 56 percent of the \$90.5 billion that charities receive goes to Hospitals and Universities & Colleges which together comprise only 6 percent of the sector (Table 3).

There is tremendous diversity both in the types of organizations that comprise the charitable sector and the revenues they receive. Over one-third of charities are *Places of Worship*.<sup>4</sup> Social Services charities are the second largest group comprising 14 percent of all charities. Hospitals, in contrast make up the smallest category of charities at 1 percent.

As we have noted, the bulk of the sector's revenues goes to Hospitals and Teaching Institutions. The remaining 44 percent goes to the remaining charities – 10 percent to Social Service organizations, 7 percent to Health organizations, 6 percent to Places of Worship with the remainder distributed among the other charity types.

Another important feature of the charitable sector is the relative concentration of revenues within a small number of organizations. Almost half (47 percent) of charities have annual revenues of less than \$50,000; 27 percent have revenues between \$50,000 and \$249,000; 17 percent have revenues between \$250,000 and \$999,999; 6 percent have revenues between \$1,000,000 and \$4,999,999 and 3 percent have revenues greater than \$5,000,000 (42 percent of these are Teaching Institutions and Hospitals).

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<sup>4</sup> Hall and Macpherson construct their categories from Revenue Canada's classification system which assigns charities to a category on the basis of their stated major purpose at the time of their registration.

## **Provincial Variations**

Hall and Macpherson (1997) show that there are substantial provincial variations in the types of charities, number of charities and the number of charities relative to the population (Table 4). In terms of the distribution of registered charities, Ontario and Quebec have the greatest number of charities (24,890 and 13,475, respectively). However, if one looks at the number of charities relative to a province's population, Saskatchewan has the highest number of charities (4.4 per 1,000 population), while Quebec and Newfoundland have the least.

There are also differences in the types of charities that are prevalent in each of the provinces. The percentage of charities that are Places of Worship in each province ranges from a high of 59 percent in Newfoundland to a low of 25 percent in Quebec. The percentage that are Social Services ranges from a high of 23 percent to a low of 9 percent in Newfoundland. Community Benefits charities are highly represented in the Maritime provinces – Nova Scotia, New Brunswick and Prince Edward Island (16 percent, 8 percent and 13 percent of registered charities, respectively) and in BC (10 percent of registered charities). Recreation organizations comprise a larger percentage of charities in the Prairie Provinces than elsewhere (accounting for 7 percent in Alberta, 8 percent in Saskatchewan, and 6 percent in Manitoba). In Ontario and Quebec, a greater percentage of charities are Private Foundations (6 percent and 5 percent) and Other charitable organizations (2 percent and 4 percent) than is the case elsewhere.

There are also provincial variations in the total revenues that charities receive. In terms of total revenues received, charities in Ontario, Quebec and British Columbia receive far more revenues than charities in other provinces. A somewhat different picture emerges when one controls for the size of a province's population. Quebec charities receive much less revenue per 1,000 population than do charities in Ontario, British Columbia, Saskatchewan and New Brunswick who lead the provinces in terms of charitable revenues (Table 4).

## **Other Nonprofit Organizations**

As we noted earlier, the data available on nonprofit organizations that are not registered charities is incomplete. We rely on Day and Devlin's (1997) analysis of the available Revenue Canada information on the 3,880 nonprofits who filed information returns in 1993 and the 4,490 nonprofits who filed returns in 1994 for our discussion on the size and scope of nonprofits that are not registered charities. Outside of this group, it has been estimated that there may be as many as 100,000 nonprofit organizations that we currently have no way of capturing with data (based on estimates by Quarter, 1992).

Revenues from the Revenue Canada sample of non-registered charity nonprofits were approximately \$7 billion in 1994 or 1.36 percent of the 1994 GDP. This amounts to 16 percent of the total revenues of registered charities. As Day and Devlin observe, these figures are impressive because the sample includes such a small fraction of the nonprofit organizations that are not registered charities. It is safe to assume that the economic contribution of those nonprofits who are not included in this sample is substantial.

There is not a great deal of information on the diversity of non-registered charity nonprofits. Day & Devlin found that in 1993, approximately 67 percent of unregistered nonprofit organizations were Other charitable organizations (housing cooperatives, religious organizations and health-field related organizations), with the next largest categories being Agricultural organizations (10 percent), Professional organizations (8 percent), and Recreational organizations (7 percent).

In terms of sources of revenues for unregistered organizations, approximately 51 percent of revenues were generated from sales and from organizational activities, 21 percent came from membership fees and dues and 14 percent from government grants.

As is the case among registered charities, there is some variation in the amounts of revenues that different types of these other nonprofits receive. Agricultural organizations received the greatest average revenues at \$5.5 million in average revenues. The next greatest average revenues were from Other charitable organizations and Arts & Cultural organizations with average revenues of approximately \$2 million.

### III. THE NONPROFIT SECTOR IN CANADA: OPERATING AND PUBLIC POLICY CONTEXT

The operating and public policy context will help determine how organizations evolve, and the latter, in turn, will influence the nature of their human resource requirements. This section focuses on important aspects of the current policy context, and significant factors impacting on the supply of, and demand for, nonprofit services.

#### Policy Context

This section examines key aspects of the policy environment with particular application to those nonprofit organizations that are charities. The policy environment is partly defined by general framework laws that apply to all private sector organizations. These include, for example, human rights legislation, labour codes, health protection laws, various federal and provincial consumer protection regulations, and municipal zoning bylaws. In addition, nonprofit organizations must adhere to the rules and regulations imposed by governments as a condition of grants or contracts.

The latter are a particularly important part of the framework applying to many organizations, including universities and hospitals.

In general, governments have attempted to establish a policy framework that enables and supports the activities of charitable organizations. The main components are: organizational, tax, and supervisory policies. Significant features of the current regime include the following:

- Jurisprudence, which has evolved over time, defines many specific legal requirements, and is an important part of overall legal framework.
- Constitutional power over charities resides with the provinces but, by far, the single most important law impacting on the sector is the federal *Income Tax Act* - a situation which has led to some inconsistencies and a "patchwork quilt which can be difficult to comprehend."<sup>5</sup>
- Aside from the activities of Revenue Canada, very few public sector resources are devoted to administration and enforcement of policies relating specifically to the nonprofit sector.

#### *Organizational Law*

The main legislation in this area are Part II of the *Canada Corporations Act* and corresponding provincial corporation acts. Organizational laws facilitate nonprofit activity by providing ready-made rules for governance and the conduct of organizations' directors and managers. Corporation laws safeguard the rights and interests of stakeholders, and provide the organization with a legal

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<sup>5</sup> Forward in Canadian Centre for Philanthropy, (1990).

identity, allowing it to own property, to sue and be sued and to be bound by and benefit from civil obligations.

While a few provinces (Quebec, Saskatchewan, BC) have recently updated their organizational laws, it is generally recognized that there is a need for major reform in this area. Concerns have focussed on unnecessary restrictions in current law<sup>6</sup> and the lack of clarity in certain areas, especially with respect to fiduciary obligations of directors and managers. Clear and effective fiduciary laws are important both so stakeholders are protected and well-meaning individuals are not discouraged from sitting on the boards of nonprofit organizations.

The federal government tried unsuccessfully to introduce new nonprofit corporations legislation in the early 1980s and it has yet to revisit the issue. Efforts at reform in the US have been more successful. The model nonprofit corporation and unincorporated association laws produced by US legal experts and adopted in some of states are generally viewed as showing the way towards progressive reform in this area.<sup>7</sup>

### *Tax Policy*

Canada's tax system supports nonprofit activity by providing individuals and corporations with incentives for donations to foundations and operating organizations that qualify for registration as charities. Individual donors receive a tax credit for donations of up to 75 percent of their net income. The value of this credit depends on the donor's income level, marginal tax rate and province or territory, but its average value is estimated at 25 percent on the first \$200 contributed and 50 percent on the remainder (Boyle, 1997).

Charities are not defined under the *Income Tax Act* and Revenue Canada reviews applications for registration against interpretations of charitable purposes that have evolved over time in common law. Charitable activities are classified under four main purposes: the relief of poverty; the advancement of education; the advancement of religion; and other purposes beneficial to the

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<sup>6</sup> While, for example, under federal business law, incorporation is virtually a matter of right, under nonprofit law, each and every letters patent must be examined to ensure it meets the requirements of the Act. It has been noted that the examination of corporate applications, which takes less than an hour for commercial enterprises, can take two or more weeks for nonprofit enterprises. See Part II, Session C in Hirshhorn, (1997).

<sup>7</sup> The reference is to the *Revised Model Nonprofit Corporations Act* developed by the American Bar Association and the *Unincorporated Association Act* developed by the National Conference of Commissioners on Uniform State Law.

community. In addition, qualified amateur athletic organizations, and arts organizations that meet the conditions established by the Department of Canadian Heritage can obtain registration and receive the same tax benefits as charities.

Registered charities must file annual reports along with a public information return which provides general information on their objectives, activities and expenditures.<sup>8</sup> They must also meet a disbursement test, which requires that, subject to some exceptions, they spend at least 80 percent of the previous year's receipted donations on charitable activities. Audits are performed by Revenue Canada on a random basis or when irregularities are discovered. A charity that is violating the terms of the Act can be deregistered, but this is an extreme sanction that is applied in rare cases.

In recent years, the federal government has introduced a number of changes to enhance the incentive for charitable contributions. Although, for example, gifts of appreciated property are not exempt from capital gains tax in Canada, as they are in the US, the 1997 budget reduced the proportion of capital gains that are subject to taxation from 75 to 37.5 percent for donations of publicly listed securities.<sup>9</sup>

At the same time, however, the scope of the charitable incentive has been limited by the courts' narrow and fairly strict interpretation of what constitutes charitable activity. Arthur Drache has observed that "in case after case, the senior courts have had an opportunity to move beyond the Victorian approach to charity and have refused"(Drache, 1995). The current definition of charity, for example, excludes groups trying to promote multiculturalism, advance specific ethnic cultures, and improve race relations.

Registered organizations have remained subject to strict controls in some areas of activity, while seeing the introduction of greater flexibility in other areas. Advocacy activities, for example, are strictly limited. Registered organizations can only engage in limited, nonpartisan political activities which support their mandate and account for no more than 10 percent of their resources. The tests applied by Revenue Canada in this area have been criticized by academics (Boyle, 1997) and by representatives of the sector who believe that advocacy constitutes an important part of their philanthropic responsibilities<sup>10</sup>. On the other hand, the courts seem to have opened a wide door for the pursuit of commercial activities by charities. Registered organizations can undertake "related" business activities, and a recent court ruling suggests that any venture that is operated for the financial benefit of the organization could be deemed to be a "related" business (Zimmerman and Dart, 1998).

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<sup>8</sup> Nonprofit organizations that are not registered as charities must also file a return if they exceed a minimum revenue (\$10,000) or asset (\$200,000) threshold, or they have filed a return in the previous year.

<sup>9</sup> This applies to donations of securities to charities other than private foundations. The measure is to be reassessed in five years.

<sup>10</sup> For example Floyd, (1996).

## *Supervisory Policies*

All Attorneys General have standing before the court, allowing them to act on behalf of the public to enforce the proper administration of charitable property. The provinces, however, have put in place little legislation and devoted few resources to supporting their supervisory responsibilities. They largely rely, instead, on the supervision undertaken by Revenue Canada in conjunction with its enforcement of the *Income Tax Act*.

Ontario is the one province that has established a specific supervisory regime to protect the public interest in the proper use of charitable property. The Ontario Public Trustee, supported primarily by two laws, the *Charities Accounting Act* and the *Charitable Gifts Act*, has attempted to protect the public against breaches of trust and ensure charitable resources are going towards the objectives to which they are supposed to be applied. The Trustee, however, has very limited resources to carry out this function. In addition, actions by the Trustee and judicial rulings in Ontario have contributed to uncertainty about the obligations of those responsible for administering charitable property.<sup>11</sup>

Alberta has introduced specific legislation to address concerns about fundraising. The province's *Charitable Fund-Raising Act* contains registration and disclosure requirements for charities and professional fundraisers, and provides donors with new civil remedies against the improper use of charitable funds. The province, however, is not in a position to monitor organizations and vouch for the accuracy of the information they disclose.

### *As a Consequence*

- The policy framework has facilitated the formation of nonprofit organizations and contributed to the sector's growth, but not to the same extent as in other jurisdictions where organizational laws have been modernized and policy responsibilities for charities are centralized.
- The policy framework has influenced the pattern of nonprofit sector growth by providing greater encouragement to some largely traditional charitable activities, along with the activities of certain amateur athletic and arts organizations, than to other newer forms of nonprofit service.
- The policy framework has not resulted in significant government interference in nonprofit operations, but it has had some influence on how nonprofit organizations pursue their mission - by, for example, restricting the advocacy that can be undertaken by registered charities; requiring that registered charities satisfy disbursement requirements; limiting the freedom of organizations to determine how charitable gifts will be applied (primarily Ontario); and, imposing fundraising requirements (primarily Alberta).

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<sup>11</sup> This issue is discussed in Hirshhorn and Stevens (1997) and Ontario Law Reform Commission (1996).

## **Pressures on the Demand For and Supply of Nonprofit Services**

### *Demand-Side Factors*

The environment within which nonprofit organizations operate is being reshaped by a number of important social and economic trends. In terms of the demand for nonprofit services, three developments merit attention: (1) changing needs resulting from changing population characteristics combined with inadequacies in government-provided services; (2) new public perceptions about the role of the nonprofit sector; and (3) the search by government for more effective modes of service delivery.

#### (1) New Needs

One important role of the nonprofit sector (although not the only one) is to fill gaps in government-provided services and social support. While it is not possible to quantify this gap (which depends, in part on changing public expectations), there is a widespread sense that governments' current efforts to get their finances in order combined with the emergence of new sources of social and economic stress are leading to a growing need for nonprofit action.

Both federal and provincial governments have been under pressure to control spending and give greater attention to reducing debt burdens and lowering tax rates. Over the past few years, the spending capacity of the provinces has been further constrained by a significant reduction in federal transfers.<sup>12</sup> Meanwhile, society is facing new demands for collective action from a number of major, social, economic and demographic developments:

#### · Changes in the Makeup of Canadian Families

The 1996 Census indicates that common-law and lone parent families now make up over a quarter of all families in Canada, up from 20 percent in 1986. Lone-parent families increased at four times the rate of husband-wife families between 1991 and 1996, and almost one in five children in Canada lived with a lone parent in 1996. Lone-parent families headed by females increased at an especially strong pace (up 20 percent) between 1991 and 1996.

Families require assistance to cope with the stressful changes underlying these numbers. While Canadian divorce rates levelled off in the 1990s, they are now close to double what

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<sup>12</sup>With the creation of the Canada Health and Social Transfer (CHST) in 1996, the value of the relevant federal cash transfers to the provinces fell from \$18.5 billion to \$14.8 billion. The 1998 federal budget pegs the cash transfer at \$12.5 billion. The tax points the federal government has handed over as part of the CHST only offsets a small part of the provinces' revenue loss, although the value of these tax points will increase in future years.

they were in 1970, before they began their sharp climb.<sup>13</sup> Female lone-parent families have a high incidence of low income.<sup>14</sup> Moreover, studies have found that, even after adjusting for income, children in lone-mother families have a significantly increased risk of emotional and behaviour problems.<sup>15</sup>

#### · A Growing and Changing Immigrant Population

Between 1991 and 1996, Canada's immigrant population increased by slightly more than three times the growth rate of its native population. At the time of the 1996 Census, immigrants represented 17.4 percent of the population, the largest share in more than 50 years. Moreover, over half of recent immigrants come from Asia and the Middle East, a marked change from the period prior to 1980 when the US and Europe accounted for the largest share of immigrants. Programs are needed to help with the process of absorbing this large inflow of immigrants with a different language and very different cultural background. These needs have been felt most acutely in a few centres: Toronto, which was the destination of 42 percent of all immigrants arriving since 1991 and 21 percent of those arriving since 1981; and Vancouver, which was the destination of 19 percent of all immigrants since 1981.

#### · An Aging Population

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<sup>13</sup> This is discussed in Gentleman and Park (1997).

<sup>14</sup> While 16% of children from two-parents lived in low-income families in 1994, the proportion for lone-mother families was over 71%. *Growing Up in Canada*, Statistics Canada Cat.# 89-550-MPE.

<sup>15</sup> *ibid.*

Between 1991 and 1996, the number of Canadians 65 and over increased at twice the growth of the population as a whole. It is projected that seniors, who accounted for only 8 percent of the population in 1961, will comprise 16 percent of the population by 2016, and almost a quarter of the population by 2041.<sup>16</sup> The elderly require support in coping with a variety of debilitating conditions - dementia, for example, which affects 8 percent of Canadians over 64 and 35 percent of those over 84.<sup>17</sup> While families have traditionally assumed much of the responsibility of caregiving, this has become more difficult now that the majority of women are in the labour force.

#### · Uneven Impact of Economic Change

The economic environment is being transformed as markets become global and firms adapt their products and processes to take advantage of revolutionary developments in computer and communications technology. Knowledge-based activities are becoming more important within the economy of Canada and other OECD countries. All Canadian workers are not sharing in the opportunities created by these developments. Lower-paid workers in industries affected by import competition and newer, less educated and less technically-skilled workers have fallen behind and are seen as facing generally bleak prospects in the emerging global economy. These developments partly underlie the polarization in the earnings of Canadian males over the past decade that has been found in a number of studies.<sup>18</sup> In an environment of intense competition and rapid technological change additional support is needed for the victims of economic change. Communities face an increased demand to help workers retrain and to help families cope with the hardships of job loss.

#### (2) New Perceptions About the Role of the Nonprofit Sector

As distinct from the traditional focus on the service delivery role of nonprofit organizations, recent reports and studies give considerable importance to the role of the nonprofit sector in building an economy's "social capital." By fostering citizen engagement and helping individuals connect to their community, nonprofit organizations are seen to help build social networks and social trust that benefit both the polity and the economy.

These concepts, which have initially been promoted through the academic writings of scholars, such as Robert Putnam (1993) and Francis Fukuyama (1995), have come to gain wide acceptance. There is increasing recognition of the importance of institutions that "mediate" between "the

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<sup>16</sup> Projections are from *Population Projections for Canada, Provinces and Territories, 1993-2016*, Statistics Canada Cat. No. 91-520-XPB.

<sup>17</sup> These data are for 1991. See Burke et.al, (1997).

<sup>18</sup> For example, Picott (1997) and Finnie (1997).

individual in his private life and the large institutions of public life” (Berger and Neuhaus,1997). In a recent review of Ekos' polling results in this area, for example, Frank Graves finds that there is public interest in “elevating the role of the third sector” due, in part, to “a growing sense that our focus on the marketplace and government has produced a shortage in the areas of what has been called civic virtue, social capital or moral community” (Graves, 1997).

### (3) The Search for More Effective Modes of Public Service Delivery

In the recent period, there has been a significant demand for nonprofit services from governments in search of more efficient ways to deliver services traditionally provided by departments or public agencies. This demand has been expressed in different ways. It has led to the allocation of certain responsibilities to new not-for-profit corporations - the leading examples of which are the non-share, self-financing corporations established by the federal government to take over the management of the country's major airports, ports, and air navigation services. At the same time, the search for more efficient service delivery has resulted in the increased contracting-out of government services to nonprofit organizations.

A number of recent reports (Rekart, 1993 and Browne, 1996) discuss nonprofit contracting in the context of what is seen as the spread of neoconservatism in federal and provincial politics through the 1980s and early 1990s. Governments have also increased their contracting with for-profit corporations, but non-profits have been the preferred supplier for many social services where outputs are difficult to define and performance is difficult to measure.<sup>19</sup> While contracting-out may increase the demand for nonprofit services, it partly transforms nonprofit organizations from independent providers to public sector agents. The tensions to which the latter relationship can give rise are well described in Rekart's (1993) report on contracting-out in British Columbia.

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<sup>19</sup> See Panet and Trebilcock (1996).

It is unclear whether government contracting continues to support the growth in nonprofit sector demand.<sup>20</sup> Although governments appear to still favour the use of nonprofit organizations for the delivery of a wide variety of social services, government contract requirements may decline under the more general pressures to cut back on social service spending.

### *Supply-Side Factors*

The supply of nonprofit services is heavily dependent on government grants, the charitable gifts provided by individuals and corporations, and the labour services provided by volunteers. The latter two sources of support are unique to the nonprofit sector. While these influences are all undergoing change, two supply-side developments deserve particular attention: (1) the greater uncertainty surrounding government grants to nonprofit organizations; and (2), the pressures on the nonprofit sector to become more accountable.

#### (1) Greater Uncertainty Surrounding Government Transfers

As Day and Devlin (1997) show, government transfers to nonprofit organizations in constant dollars increased strongly through the 1970s and 1980s. The National Accounts data used by Day and Devlin show a particularly strong growth in provincial grants to "benevolent" organizations over the latter 1980s. But government transfers have followed a less clear trend since the early 1990s, prompting concerns that current fiscal pressures may lead governments to reduce their grants to nonprofit organizations.

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<sup>20</sup> From the financial data on registered charities provided by Revenue Canada, it is not possible to separate out the revenues charities earn in relation to government contracts from their other sources of government revenue.

According to recently revised National Accounts data, federal and provincial transfers to national organizations and benevolent and health organizations did increase (in real dollars) over 1994 to 1997, but federal transfers declined in two, and provincial transfers in one, of the last three years.<sup>21</sup> While real donations on which tax credits were claimed rose by over 10 percent in 1996 (due, perhaps, to recent tax changes), it is not clear that total donations by Canadians (including all unclaimed donations) increased.<sup>22</sup> Moreover, tax-receipted donations represent a small portion of total charitable revenues;<sup>23</sup> for most charities, rising donations could only very partially compensate for the revenue lost from a reduction in government funding. A decrease in government support would have a major impact on a wide variety of charitable organizations, including: libraries/museums, social service organizations, health-related organizations, community benefit organizations and public foundations.<sup>24</sup>

In an environment of rising demand and more uncertain government support, the nonprofit sector might be expected to look for new ways for generating revenue, especially through commercial ventures. Zimmerman and Dart (1997) find that, while the scope of commercial activity is unclear, at present, this seems to be a marginal pursuit and a minor revenue source. Organizations might also be expected to search for new ways to improve efficiency and cut costs and there is anecdotal evidence of some initiatives in this area, including a few examples of organizations co-operating to rationalize service delivery.<sup>25</sup> For some organizations, however, the likely result of a decline in government funding would be a reduction in services. As Hall and Reed (1995) point out, organizations that serve the poor and have little room to replace lost government revenue are likely to be heavily represented in this latter group.

## (2) Pressures to Improve Accountability

Pressures to strengthen accountability have arisen partly from outside observers and stakeholders who have been alarmed by a number of scandals in Canada and the US, and concerned by the more aggressive fundraising that has become evident in recent years. At the same time,

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<sup>21</sup> Notwithstanding these cutbacks, total federal grants to national organizations and provincial grants to benevolent and health care organizations grew from \$9071 million in 1994 to \$10,934 million in 1997. Translated into constant dollars, this amounts to a real increase of around 4.5% per year in government transfers. These numbers incorporate the effect of a 25% increase in provincial grants to health care organizations in 1997.

<sup>22</sup> The 1996 rise in receipted donations is coincident with a policy change increasing the maximum donation that individuals can claim for tax purposes. The need to interpret this increase cautiously is discussed in: Hall and Bozzo, (1997).

<sup>23</sup> In 1994, charitable donations by taxfilers who claimed a tax credit amounted to only 6 percent of the total reported revenues of registered charities.

<sup>24</sup> Hospitals and universities have been omitted from this list, but along with libraries/museums, these are the organizations that are most dependent on government funding. The other organizations in the list belong to a group that has been labelled "government-diversified funding," and in which government grants and contracts account for 45% to 60% of total revenues. See Hall, (1995).

<sup>25</sup> For example, the merger of Big Brothers and Big Sisters in Edmonton

representatives of the sector have recognized that improved accountability is important to preserve the public confidence and trust on which nonprofit organizations depend.

An example of outside efforts to promote accountability is the Ontario Ministry of Community and Social Services' recent efforts to utilize community organizations and client groups in overseeing the activities of nonprofit organizations providing services to the government under contract.<sup>26</sup> An example of an initiative within the sector is the Code of Ethics recently established by the Canadian Council for International Co-operation (CCIC) to govern the activities of member organizations involved in international development. While the latter is nonprofit, the CCIC does attempt to monitor compliance by its member organizations. A sampling of various codes of accountability are presented in Appendix 2.

To address concerns about fundraising practices, the Canadian Centre for Philanthropy has developed an "Ethical Fundraising and Financial Accountability Code". The Code acknowledges donors' rights to truthful information and privacy, and organizations that adopt the Code commit to following responsible fundraising practices and satisfying requirements of financial accountability. With a view to more generally strengthening accountability and governance by charitable organizations, the Nonprofit Sector Roundtable has appointed a Panel to review current practices and develop guidelines for reform. The Panel, chaired by Ed Broadbent, was appointed in October 1997, and is to issue its final report in the fall of 1998.

## **Conclusions**

At a time when it faces increased insecurity about its own funding, the nonprofit sector is facing pressures to meet an expanding range of needs and to generally contribute to the strengthening of civic values. The sector is being called on to undertake these tasks in a way that will satisfy public expectations for high standards of accountability. Moreover, these challenges must be addressed within the context of a public policy regime that has yet to be fully reformed and modernized.

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<sup>26</sup> See Panet and Trebilcock (1996).

## IV. HUMAN RESOURCES IN THE NONPROFIT SECTOR

This section takes a look at what we know and do not know about human resource issues in the Canadian nonprofit sector. For descriptive simplicity, the focus of the first part is on paid workers in the sector, and the focus of the second part is on volunteer workers, although in reality the HR issues faced by each set of workers are often inter-related. A summary of the major gaps in current research is presented at the end.

### 1. The Nonprofit Sector -- Paid Labour Force

#### Existing Databases Containing Data on HR Issues in the Nonprofit Sector

According to many conventional sources of data on the Canadian economy from Statistics Canada and other Government sources, there is no nonprofit sector in Canada. Nonprofit sector organizations and workers are often represented in these databases, but are impossible to isolate from for-profit and public organizations or workers, and are hence rendered invisible.<sup>27</sup>

There are two areas of the nonprofit sector that *are* captured by government lists, held by Revenue Canada (although there has been some question as to the reliability of these lists)<sup>28</sup>.

1. The *Registered Charity Information Return*, form T3010,
2. The *Income Tax Information Return for Non-Profit Organizations*, form T1044.

The *Registered Charity Information Return*, form T3010, is filled out by organizations that meet the criteria that enables them to register as charities (see Section III). The *Income Tax Information Return for Non-Profit Organizations*, form T1044, must be filled out by non-profit organizations that cannot register as charities, if they either have assets over \$200,000, or if they are entitled to receive over \$10,000 in taxable dividends, interest, rentals, or royalties. Day and Devlin, in their paper *The Canadian Nonprofit Sector*, estimated that this criteria would exclude a large proportion of nonprofit organizations from filling out the form.

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<sup>27</sup> Databases from which it is not currently possible to isolate nonprofit organizations include: the Labour Force Survey (LFS), the Survey of Employment, Payroll, and Hours (SEPH), The Survey of Labour and Income Dynamics (SLID), The Survey of Work Arrangements, LEAP, Provincial Registries, Business Numbers, and the Payroll Deduction Remitter Series. This is based upon an investigation undertaken by the CPRN Work Network in the fall of 1997.

<sup>28</sup> For a description of the databases held by Revenue Canada, see Day and Devlin, (1997).

The databases associated with these lists are limited in scope as far as HR issues are concerned. However, the form for registered charities began to ask charities the number of people they employed and the salary ranges of the five most highly compensated officers for the first time this year. The T1044 asks organizations to divulge the number of people who received remuneration.

There is one new development on the horizon at Statistics Canada that might soon begin to produce some more labour market information for these two select groups of nonprofit organizations, as well as for any other nonprofit organizations that are big enough to file the GST.

This will be made possible by plans to create the capability to link the SEPH database (the Survey of Employment, Payroll, and Hours) to the nonprofit organizations in the Business Registry at Statistics Canada. It has been impossible up until this point to isolate nonprofit organizations from other organizations within the Business Registry, but the Business Registry has been working to change this, and there are plans to make this possible sometime in the near future.

This would allow us to have information on wages and hours of work for the particular group of nonprofit organizations that either pay GST or file Income Tax Returns (forms T3010 and T1044). We really do not have a good sense of how many organizations this would exclude.

### **Discussion of Existing Studies on Paid Work in the Nonprofit Sector**

There have already been two studies based on surveys of the organizations listed in the Revenue Canada database of registered charities (the T3010 database).

1. The Human Resources Development Canada and Canadian Centre for Policy Alternatives study, *The "Third Sector" and Employment*, by Paul Leduc Browne and Pierette Landry, 1996. Hereafter the HRDC/CCPA study.
2. The Sharpe study, *A Portrait of Canada's Charities*, published by the Canadian Centre for Philanthropy in 1994. Hereafter the Sharpe study.

These studies are important to our purposes for two reasons. First, as was revealed in the Sharpe study (and as is described in Appendix 1), the experience of using this Revenue Canada list resulted in important lessons about its future use. Second, these studies provide the only existing national data on HR issues.

These studies also have several limitations. The HRDC/CCPA study is the most comprehensive study available on human resource issues in the nonprofit sector. It is based on a survey of a sample of 700 organizations: 380 registered charities, 50 environmental groups (based on a list obtained from the Canadian Environmental Network), 200 co-operatives (from the Co-operative Secretariat), and 70 trade unions (from the Directory of Labour Organizations in Canada). It was administered by telephone in June 1995. However, in its attempt to cover an extensively wide range of issues for all of these organizations nationally, the heterogeneity among organizations of different sizes, regions, and degrees of institutionalization has been largely lost.

The 1993 Canadian Centre for Philanthropy study by Sharpe is a nice complement to the HRDC/CCPA study, because it undertakes a more disaggregate examination of the charitable sector, and separates the results of large institutions such as hospitals, teaching institutions and places of worship from the rest of health, education and religious charities. The study is based on responses of 4,080 registered charities to a survey administered in 1993. Unfortunately, the HR issues covered by this survey were small in scope: numbers employed, full or part-time status, and size of staff.

Another limitation with these studies is that they are one-time surveys that provide partial “snapshots” of nonprofit sector employment and HR issues, without any longitudinal data for comparison. This is particularly limiting because of the changing pressures currently being exerted on the sector, that are likely resulting in changing HR situations and needs.

A further study on human resource issues available that is national in scope, is a pilot survey undertaken by Canadian Policy Research Networks in 1997. Paid workers responding to the Ekos *Rethinking Government* survey were asked to assign themselves to one of four sectors of the economy: private, government, public institutions or nonprofit organizations. This resulted in demographic and labour market attributes for workers in these various sectors of the economy (such as age, gender, level of education, full or part-time work, and household income). However, the number of paid workers in the survey was very small (1,661 respondents), so the results must be considered to be very preliminary.

In addition to these national studies, there are three regionally focussed studies that cover a limited range of HR issues. One is by the Municipality of Metropolitan Toronto et al, *Profile of a Changing World: 1996 Community Agency Survey*. It focussed on HR impacts that have resulted from funding changes to 382 human service agencies. The second is out of British Columbia, a 1995 *Salaries and Benefits Survey by Volunteer Vancouver*, which covered a range of HR issues in a survey of 177 nonprofit sector organizations. The third, also out of BC, is called *Educational Needs and Activities in the Voluntary Sector*. It is based on a survey with 510 usable responses undertaken by The BC Human Resources Development Project and Simon Fraser University (HRD/SFU) in 1992, to understand the learning needs and achievements of the sector.

What follows is a critical summary of the state of knowledge of HR issues in the nonprofit sector gained from these various studies.

### **Incidence of Paid Staff in Nonprofit Organizations**

The focus of this section is on the significance of the nonprofit sector as an employer of paid workers. It should be noted at the outset however that about 42 percent of registered charities surveyed by Sharpe and about 15 percent of charities surveyed by HRDC/CCPA had no paid staff at all, and that according to Sharpe, about 70 percent of charities are dependent upon a volunteer

workforce in addition to paid workers. Issues raised by the unpaid labour force of the nonprofit sector and the integration of the two sets of workers is covered in part 2 of this section.

The Sharpe study estimated that there were 1.3 million Canadians working in *registered charities* in 1993 (Table 5), and the HRDC/CCPA study estimated that 1.6 million people were working in registered charities in 1995. The Sharpe study placed this figure in perspective by showing that this number represented 9 percent of the Canadian workforce -- a proportion larger than the total numbers working in the finance, insurance and real estate industry, or in the construction industry.

The Sharpe study examined the distribution of workers across various charitable subsectors (welfare, health, education, benefits to the community, religion and other). Sharpe isolated workers in hospitals, teaching institutions, and places of worship from the health, education and religion sub-sectors respectively to control for their effect, since they comprise the vast majority of workers in each of these sub-sectors. Sharpe found that about 70 percent of workers in registered charities are divided evenly between those working in hospitals (which make up 2 percent of the organizations in the sector), and those working in “Other Charitable Organizations,” which is Sharpe’s “catch-all” term for all charities (welfare, health, education, benefits to the community, religion and other) except hospitals, teaching institutions, places of worship, and foundations. “Other Charitable Organizations” comprise about half of all registered charities. The remaining 30 percent of workers in registered charities work in Teaching Institutions, Places of Worship, and Public and Private Foundations (Table 5)<sup>29</sup>.

It is sometimes suggested that hospitals and teaching institutions (which together account for 56 percent of workers in registered charities) be excluded from further HR research in the nonprofit sector, because workers in hospitals and teaching institutions tend to be subject to relatively well-defined HR practices, and the conditions under which they work are relatively better understood in comparison to the knowledge we have about working conditions in the black box of “Other Charitable Organizations.” However, it should be noted that this decision might depend in part on whether our focus is on nonprofit sector *workers* or on nonprofit sector *organizations*. Among the *workers* within a hospital or teaching institution, it can be argued that there are teachers, nurses, doctors, and janitors who are subject to well-defined human resource practices who need not be the subject of future nonprofit sector research. But, there are also workers within the walls of hospitals and teaching institutions that are employed out of charitable funds received by these institutions, either as administrators of the charitable foundation, or as coordinators of various programs for support to patients (for instance a program funded through a hospital by the Terry Fox Foundation). These workers may have more in common with workers in “Other Charitable Organizations” in terms of labour force attributes and working conditions than they do with the nurses or teachers. In a study on HR issues, it would be important to recognize which groups of workers are gained or lost by including/excluding various kinds of organizations.

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<sup>29</sup> The figures for the charities’ proportions of the total differ slightly from those presented in Section II (Table 6) because this study was based on earlier data, as presented in Table 5.

The only national survey that has gone beyond the *charitable* sector in scope is the HRDC/CCPA survey which examined three other types of nonprofit sector organizations by getting lists from the relevant umbrella organizations: environmental organizations, cooperatives, and trade unions. According to their study, 91 percent of co-ops, 76 percent of unions, and 56 percent of environmental groups reported having paid staff (this compares to 85 percent of charities in the HRDC/CCPA study, and 59 percent of charities according to the Sharpe study).<sup>30</sup> The HRDC/CCPA study did not produce actual figures for these subsectors (Table 6).

The two regional studies that investigated the incidence of paid staff used sample frames that were based on lists of nonprofit sector organizations irrespective of whether the organizations were registered as charities. The British Columbia survey of 1992 revealed that 11,725 staff were employed full or part-time in the 425 nonprofit sector organizations surveyed (organizations considered to be more like “public institutions” such as hospitals were excluded from the survey). The Toronto study found that 12,648 people were employed either full or part-time in the 382 human service agencies surveyed.

There is no further information available on the incidence of paid work in the nonprofit sector. From a national perspective then, the only information we have on this basic question are estimates for the number of paid workers in *charities*, by subsector, for 1993.

#### *The Gender Dimension of Work in the Nonprofit Sector*

Limited data suggests that the nonprofit sector employs more women than it does men. Neither the HRDC/CCPA nor the Sharpe study provided a breakdown in number of overall paid workers by gender, but two other surveys did. The *Salaries and Benefits Survey* done by Volunteer Vancouver of 177 nonprofit organizations in BC found that 78 percent of all reported staff members were women, and the CPRN/Ekos *Rethinking Government* survey questions, although based on small numbers of people, revealed that women comprised 59 percent of the 301 workers in public institutions and 75 percent of the 57 workers who assigned themselves to nonprofit organizations. Without basic data on gender representation, there has been no attempt to perform a gender analysis on work or human resource issues within the nonprofit sector, such as a gender breakdown by sub-sector, occupation, wages, opportunities for advancement and training; nor has anyone tested hypotheses as to why this is a female-dominated sector.<sup>31</sup>

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<sup>30</sup> The difference in these figures is substantial, but we have little information with which to be able to interpret the reasons this difference, other than that they are from two different surveys, undertaken one year apart, in which time the database of registered charities at Revenue Canada would have changed.

<sup>31</sup> More work has been done on this in the United States, where one study showed that the

### *Change in Levels of Employment in the Nonprofit Sector?*

One of the major questions which remains unanswered about the incidence of paid workers in the nonprofit sector is the way in which these numbers have been changing. Government restructuring and cutbacks seem to lead to two equally possible but opposing hypotheses: on the one hand, the shifting of government programs and services to the nonprofit sector, and the ongoing/increased experimentation with employability programs, may be increasing employment in the sector. On the other hand, cutbacks may be causing organizations to decrease their number of paid staff, or to transfer more work to contract employees, and/or increase their numbers of volunteers.

There has been very little research to test these hypotheses. The 1996 Municipality of Toronto study asked the 382 community human services agencies surveyed whether they had experienced changes in staffing as a result of funding cutbacks. Thirty-five percent reported a decrease in full-time program delivery staff, 28 percent reported a reduction in full-time administrative staff, 28 percent reported a decrease in part-time program staff, and 21 percent a reduction in part-time administrative staff. By program, an average of 26 percent of the 746 programs reduced the amount of paid hours of labour on the program (56 percent did not change the hours, and 16 percent increased the hours), although this figure was much higher for particular sub-groups such as community development and planning programs.

This study also suggested that in the face of funding cutbacks and cuts to personnel, organizations may experience a *decrease* in numbers of volunteer workers rather than an increase, because of a lack of person resources left to recruit, manage and train volunteers.

The 1995 HRDC/CCPA survey asked organizations whether the number of paid staff had changed in the 12 months prior to the survey, and the results revealed a range of responses (Table 7). The largest proportion of all organizations in the HRDC/CCPA survey reported no change, almost a quarter reported an increase in number of paid staff, and about 12 per cent reported a decrease. Environmental organizations, health charities, welfare charities and education charities reported both above-average increases and decreases in paid staff -- perhaps indicative that both the hypotheses of increasing and decreasing employment levels are at work within different organizations of the sector overall.

There has been no research to determine which kinds of organizations are “winners” and “losers” with regard to employment levels in the current context of the changing role of the state in funding and delivering services. Nor has there been any work to determine what overall labour market impacts are resulting from the transfer of work from the state to the nonprofit sector.

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occupational locus and especially the compensation structure were important factors in drawing women to work in white-collar nonprofit organizations (Preston, 1990).

## **Size of Paid Staff in Nonprofit Sector Organizations**

In looking at the size of paid staff in organizations (see Tables 8 and 9), it should be pointed out that a significant proportion of charities (on average between 15- 42 percent depending on the study) employ zero paid staff. Of those 58 - 85 percent of charities that do employ some paid staff, the staff compliments on average tend to be quite small, with the exception of hospitals and teaching institutions, which in the case of the former tend to be relatively large, and in the case of the latter tends to cut across staff sizes.

The Co-ops, trade unions and environmental organizations surveyed in the HRDC/CCPA study tend to be relatively evenly divided among those which employ 1-5 staff and those which employ 6-11+ staff, although environmental organizations were much more likely to report using no staff at all (46 percent).

The HRDC/CCPA survey asked respondents to rate the adequacy of the number of paid staff to do the work of the organization (See Table 10). Over one quarter of charities rated this a “poor,” while the remainder were generally divided between rating the adequacy as good or average. Cooperatives and unions were more likely to be content with the adequacy of their staff size.

## **Type of Employment Contracts, Careers, Tenure**

Nonprofit sector organizations tend to make use of both full and part-time employees, with a high proportion of part-time workers relative to other sectors of the economy.

According to the Sharpe survey of registered charities, 34 percent of workers were employed on a part-time basis in 1993 (Table 5), and according to the HRD/SFU survey, 44 percent of all workers in BC nonprofit organizations were employed part-time in 1992 (not shown). These figures compare to an economy-wide average of 19 percent of workers employed part-time in 1993 (Labour Force Survey data). The smallest proportion of part-time work amongst charitable organizations is found in hospitals, where 26 percent of workers were employed part-time (still higher than the economy average). The largest proportion of part-time work is found in education charities (excluding teaching institutions), where half of workers were employed part time (Table 5).

Compared to economy-wide averages, women in the nonprofit sector were more heavily represented in full-time work, and slightly under-represented in part-time work (Table 11). Women made up 54 percent of all full-time employees across nonprofit organizations in 1995 (HRDC/CCPA), compared to 40 percent of full-time workers in the overall economy that year (Labour Force Survey). In the realm of part-time work, women represented 65.6 percent of part-time employees in the nonprofit sector, while women represented 69 percent of part-time workers in the overall economy. The proportion of women working part-time in the nonprofit sector was lowest in trade unions (53 percent) and environmental organizations (56 percent), and highest in charities (71 percent).

There are no data covering the incidence of contract work in nonprofit sector organizations. This constitutes an important gap as non-standard employment contracts have become increasingly common forms of employment generally in the economy, and because anecdotal evidence suggests that paid positions in the nonprofit sector are increasingly in the form of contract positions contingent upon the funding situation of the organization (McClintock, *Front and Centre*, various issues).

Relatedly, there is no information on the extent to which jobs in the nonprofit sector are “career jobs” versus temporary positions that make up one part of a person’s career. Following from this, there is no data to indicate whether workers with temporary positions tend to spend a career accepting contracts within the nonprofit sector or whether they tend to move between public, private, and nonprofit sector jobs throughout their careers. The available studies did not provide any data on the indicators which might have helped to approximate answers to these kinds of questions, such as job tenure, incidence of contract work, sector of last job, and so on.

### **Wages/Salaries**

There are several sources of information available on wages and salaries in nonprofit sector organizations. The results from these various surveys are placed in Tables 12 through 16. The HRDC/CCPA study gives wage ranges for five (or rather four, since the fifth is “other”) occupational categories (Table 12). The overall findings are that wages in the nonprofit sector in 1995 tended to be lower than the average economy wage of \$30,000, with the exception of wages for top managers (Table 13).

The 177 usable responses of the Volunteer Vancouver 1995 BC *Salary and Benefits Survey* are presented in Table 14, Panels A-E. The organizations surveyed were divided into: Health and Rehabilitation Services, Services for Individual and Families, Community and Neighbourhood Services, and Planning and Information Services. This survey found that salary growth had been relatively healthy -- salaries had increased by an average of 2 percent in 1994/1995 (about the same rate of BC inflation with the exception of Vancouver and Victoria which had a slightly higher inflation rate of 2.2 percent), and were expected to increase again by the same average rate in 1995/1996 (not shown in table). According to the report, this was a higher salary increase than the 1 percent experienced in the public sector in the year ending September 1995, and higher than the 1.28 percent increase in wages for all industries for the same period.

The final survey from which wage/salary information is drawn is the Canadian Society of Association Executives *Association Executive Benefits and Compensation Final Report* for 1997 (Table 15, Panels A-D). This is based upon 448 questionnaires compiled as of June 1997, and provides wage data on executives in several different nonprofit sector groups: industry/business associations, professional associations, registered charities, special interest and common interest associations. The executives are divided into positions A-D according to levels of seniority, and wage results are reported in 25 percent quartiles.

The CPRN questions on the Ekos *Rethinking Government* Survey made it possible to correlate household income with four sectors of the economy: government, private, public institutions and nonprofit organizations. Although the results from this study are very preliminary in that the nonprofit organizations were only represented by 57 workers (Table 16), the household income of these workers was lower than that of workers in other sectors of the economy.

Much more work is needed in the area of wage analysis to make comparisons between the wage results presented here, and wages for comparable occupations in the overall economy, in order to draw conclusions about the relative quality of wages in the nonprofit sector. With the exception of the comparisons to an average economy wage presented in the HRDC/CCPA study (Table 13), no work has been done on this to date.

It would also be important for more information to be collected on wages by various characteristics of organizations such as size, and sources of funding. The Volunteer Vancouver survey results indicated that larger budgets, larger staff sizes, being provincial rather than local, being registered as a charity as opposed to being unregistered, or being both registered as a charity and a nonprofit, tended to translate into higher salaries (particularly for position "A").

The results of the Association Executive Benefits and Compensation Final Report indicate a significant difference in salaries by size of budget of the organization. Senior executive management positions in charities with budgets below 2 million dollars are within the \$60,000 - \$69,999 range, while these positions in charities with budgets over 2 million tended to be more in the range of \$79,000- \$115,500.

An external factor that may begin to influence wages in the nonprofit sector is the entry of private sector entities into the field where nonprofit sector organizations have typically dominated an area of service delivery. For example, the Victoria Order of Nurses have faced competition from private sector providers of similar services, resulting in cutbacks/austerity measures at VON.

## **Benefits**

Overall, most respondents surveyed by HRDC/CCPA reported giving some benefits to their employees, while about a quarter did not (Table 17). Environmental organizations were relatively less likely than the average to provide benefits, unions were more likely, while charities and co-ops more closely approximated the average.

The Volunteer Vancouver *Salary and Benefit Survey* also found that most employees were covered at least in part by some form of benefits. Approximately just over one third of employees in the organizations surveyed by Volunteer Vancouver in BC had benefits that were employer paid, and another third had benefits that were partly paid by their employers.

Overall, according to the combined results of the two above sources and the Association Executive Benefits and Compensation Final Report of 1997 for charities, the benefits most

commonly received by over half of employees (either fully or partly paid) are paid sick leave, extended medical, long term disability, and dental. Pensions were less likely to be given. However, in some cases results differed across surveys, for instance vision care and life insurance was more commonly received by employees surveyed in BC (The Volunteer Vancouver Survey), and life insurance was also commonly received by executives according to the Association Executive study.

## **Unionization**

According to the HRDC/CCPA survey, the vast majority of nonprofit sector organizations (86 percent) are not unionized. This figure rises to 92 per cent if unions, 52 percent of which are unionized, are excluded from the group. The HRDC/CCPA study found that among charities, organizations were more likely to be unionized as the number of staff rose to 6-10 staff, and even more likely if there were eleven staff or more. Organizations were also more likely to be unionized if they had budgets over \$200,000, or if they received government funding.

## **Workplace Change**

In the context of funding cutbacks to the nonprofit sector combined with increased expectations for the role of the sector, as well as new management philosophies that have created change to the organization of public and private sector workplaces, a setting has been created in which there seems to be a degree of change and flux in the nonprofit sector.

To our knowledge, there is no published research which documents this change<sup>32</sup>. However the newsletters of the CCP over the last couple of years have featured organizations that have been undergoing structural or organizational change of various kinds. Organizations featured had: entered into mergers, partnerships or new alliances; switched to a flexible work week; gone to leaner organizations through a de-layering of middle management and increased responsibilities given to front-line staff; and/or made a shift to use of contract work to replace permanent employees.

The Municipality of Toronto study listed some of the effects that volunteer organizations claim to have been experiencing as a result of funding cutbacks, and these included issues such as problems with morale and increased workload.

All of these factors seem to signal that the sector is experiencing a degree of structural and organizational workplace change as it reacts to external pressures and re-visits its roles and responsibilities in society alongside the state and market. The extent of this change and the human resource supports (such as training, information, ways of dealing with morale issues) that it might be creating would likely constitute an important element of future research.

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<sup>32</sup> Although Statistics Canada has recently completed in-depth interviews with executives from about 40 voluntary sector organizations in Ontario on a wide range of questions, where some of this change has been captured. The results of this work are to be published in the fall.

## **Occupations, Skills, Education and Training**

There has not been a lot of research measuring the range of occupations, skills, education and training required or existing in the nonprofit sector, although the literature provides a sense of the status on some of these issues.

### *Occupations*

The HRDC/CCPA study provided an occupational breakdown. The largest chunk of occupations in the nonprofit sector in 1995 fell into the “Professional/Non-Management/Service Provider” category, followed by Management positions, Clerical/ Office/Administrative Support positions, and “Other” positions (Table 18).

The HRDC/CCPA survey asked respondents about their opportunities for advancement in the sector. The majority (between 55-60 percent) of charities, co-ops, environmental organizations and unions rated the opportunities for advancement as “bad.”

### *Educational Attainment*

Evidence on the educational attainment of paid nonprofit sector workers generally points to the fact that these workers are highly educated. The 1997 CPRN/Ekos *Rethinking Government* survey question results (Table 16) revealed that workers in both public institutions and nonprofit organizations were more likely than private sector workers to have a bachelor’s degree, a professional certificate, and a graduate degree.

The 1995 Volunteer Vancouver *Salary and Benefits Survey* of 177 organizations in BC gives educational levels for employees in positions “A” (top management) through “E” (support staff), and the results (Table 19) confirm the image of the highly educated nonprofit sector worker.

### *Skills*

As is the case in any sector, skill requirements for the nonprofit sector depend in part on the group of workers being described: for instance, skill needs will differ across board members, managers, service delivery workers or program managers. Also, some skills are sub-sector specific, such as working with a target population, or working with a particular mandate such as advocacy. However, there are some core skills that seem to spring out of the nonprofit sector literature as requirements across the board, such as fundraising, program planning, financial accounting, board development, board-staff relations and volunteer management.

There are also a wide range of skills that seem to be becoming more important to the sector or that are being newly introduced in the wake of significant changes in the sector. Some of these skills include:

### **Managing the role of sector in relation to other sectors**

- managing government relations,
- dealing with government contracts,
- public relations -- managing image with general public, community, government, and private sector simultaneously.

### **Diversifying sources of funding and ensuring that funding will be sustainable**

- entering into commercial ventures or making decisions about whether to enter into a commercial venture,
- running more sophisticated and diversified fundraising campaigns,
- adhering to stricter codes of ethics and/or accountability, and fulfilling whatever measures are necessary to meet heightened needs for accountability such as outcomes measurements, evidence of compliance with standards, and so on,
- making tough decisions to choose between programs needed by the community and programs which “sell”.

### **Management**

- change management,
- evaluation of current programming, decisions for directions for programming,
- skills in identifying appropriateness of a merger/partnership/alliance and of managing any transition of this kind,
- Short-term”crisis” managers are needed, as are managers who are also leaders with long-term vision

### **Technological change**

- adapting to new technology and using it,
- finding ways to have technology leverage the needs of the organization/sector.

### **Volunteer Management**

- management of volunteers to take on increasing responsibility for increasingly complex tasks,
- recruiting, screening, matching and training volunteers in the context where the resource person on this job may have been eliminated or minimized,
- if it is the case that people increasingly volunteer to get resume and job experience, the challenge for the sector is to find ways to make use of these volunteers, provide them with meaningful learning experiences, yet grapple with potentially high volunteer turnover rates.
- new skills may be required to manage a new kind of volunteer, the “placement” position filled by a student who needs the credits to graduate, or by a person who requires a placement through an employability/workfare program.

### **Leadership/Governance**

- especially because the sector is undergoing both internal workplace change and external transformation in its role in society, leaders are needed to manage organizations through these transitions. This requires not only practical management skills, but also a certain degree of theory to inform vision – theory on social and political context, social change, strategic positioning of sector, and on the history, traditions and structure of the nonprofit sector.

### *Existing Education and Training*

To our knowledge, there has been no comprehensive assessment of the ability of current education and training programs to meet the current and emerging skill needs of the nonprofit sector. However an on-line discussion group was created to discuss this matter between September 1996 and January 1997, and the thoughts that came out of this discussion are reviewed below.

A file kept by the CCP with a list of the education and training programs serving the nonprofit sector have been placed in Appendix 3.<sup>33</sup> These programs have an emphasis on management, leadership and fundraising. They tend to be certificate programs such as the National Certificate Program in Voluntary and Nonprofit Sector Management, offered through community colleges and continuing education departments of universities. Training also tends to be offered through umbrella associations of nonprofit groups such as the United Way, or through associations such as The Canadian Society of Association Executives, through workshops and seminars.

It should be noted that education/training is not necessarily specific to the sector, for instance some management programs have courses or specialties in nonprofit management, and some people gain sub-sector-specific training in programs such as health administration, social work, or nursing.

An on-line discussion group was created by the Canadian Centre for Philanthropy and the Academic Coordinating Committee from the National Certificate Program in Nonprofit and Nonprofit Sector Management, in response to changing needs for training, the emergence of new learning technologies, and low enrollments in the National Certificate Program in Nonprofit and Nonprofit Sector Management. The discussion involved key sector and education/training stakeholders, and was around future directions for the certificate and for training in the sector.

With regard to the National Certificate Program in Voluntary and Nonprofit Sector Management, the participants revealed that there had been a lot of problems with the program, in that materials had not been kept up to date, there had been insufficient financial commitment to the program and its ongoing development, and enrollment had been low. They also expressed dissatisfaction with the training geared towards the sector in general, and many ideas, issues, and needs for the future

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<sup>33</sup> This list is now somewhat outdated, in that it omits some programs which have been newly developed, such as The McGill School for National Nonprofit Leaders, and a new program at Ryerson. These programs are listed in Section V: Sector Initiatives.

came out of this discussion in terms of how to improve training programs geared towards management in the sector. Issues include:

- will there be a need for sector-specific training if people perceive that their careers are likely to take them in “stints” across the public, private and nonprofit sectors, causing people to seek training that is relatively generalizable – in which case regular MBA might be more appealing than a degree specifically in nonprofit sector management.
- decisions have to be made on the extent to which training for the sector leads towards certification or a degree. On the one hand, a certification or degree may be more appealing for a young person making a decision about how to obtain appropriate training to get into the nonprofit sector labour market, and certification would address the question of standards for the sector. On the other hand, there are many people in the sector who are not particularly interested in certification but just want to gain some skills training. Ideally, management training for the sector could be structured such that there are a series of carefully designed competence modules, which can be taken as separate entities, or which can be taken in a series that would lead towards a degree or certificate. It would be interesting to learn more about the effect of certification/degree training on wages and professionalism in the sector.
- Any kind of education or training should be structured such that it is easily accessible and affordable – new learning technologies should be used, combining mailing materials, listservs, web pages, and face-to-face meetings.
- More research is needed to understand how mainstream or private sector management practices actually apply to the nonprofit sector, because currently mainstream management material is adapted for nonprofit sector management training, without extensive experience about its applicability.
- Interest was expressed in creating a national body for bringing together key people towards a vision for nonprofit sector education, training and curricula; to act as an ongoing advisory group; and to consider the possibility of creating a network/alliance/consortium of providers across the country.

It was suggested in this discussion that other countries appear to be more active in their offerings for education and training such as the US, UK and Australia. The US has some 46 undergraduate and 102 graduate college and university programs in nonprofit management education, many of which belong to an association called the Nonprofit Academic Coordinating Committee. There are at least five distinct university based programs in Australia and the UK.

More investigation would be required to know whether the newer programs will address any of these needs, but the impression gained from these discussions is that much work remains to be

done to reach a point where education and training is serving the skill needs of the sector in an integrated, accessible, recognizable, high-quality, and timely fashion.

### *Workplace Training*

The HRDC/CCPA study and the BC HRD/SFU study both included some questions about the extent to which nonprofit sector organizations engaged in formal staff development.

On average, just over half of the organizations surveyed in the HRDC/CCPA study provided formal training to paid employees (Table 20). Health charities and trade unions were most likely to provide training, followed by welfare and education charities, environmental organizations, benefits to the community and cooperatives. Religion charities were least likely to provide formal training.

By occupation, nonprofit sector organizations surveyed by HRDC/CCPA were most likely to provide training to service providers, over management and clerical staff (Table 21).

The HRDC/CCPA study measured the kinds of training that workers received, but the categories of training were generic rather than specific to the nonprofit sector. The study did not seek to discover the degree of training given in many of the areas mentioned above such as fundraising, leadership, volunteer management, board development and so on. Of the categories of training investigated, management skills, personal (communications) skills and computer skills were the types of training most commonly offered to paid employees across nonprofit organizations. New staff orientation, health and safety training, and office skills tended to be the next most common type of training (health charities are particularly likely to offer new staff orientation and health and safety training). Skills for which training was less likely to be offered included basic skills (literacy, numeracy), skills upgrading, and technical training.

According to the HRDC/CCPA study, nonprofit organizations use a variety of different kinds of training types, including in-house capacities, external or private consultants, community colleges/universities, conferences/seminars, and other nonprofit organizations. They were unlikely to use government sources. Private consultants are one of the most common forms of training for paid employees in nonprofit organizations, followed by conferences and seminars, although there is variation in use of training providers by subsector.

The 1992 BC HRD/SFU survey of 510 organizations revealed that 55 percent of these organizations had no formal staff development policy, while another 45 percent did have one. When asked about the barriers to accessing the needed educational programs, 86 percent cited cost, 66 percent cited time, 43 percent cited local availability problems, and another 17 percent cited lack of information.

### **Potential for Job Creation**

One of the new pressures facing the nonprofit sector is an expectation that it might be a realm for job creation, and/or a forum in which groups who have been experiencing difficulty in the labour market may gain some of the skills and/or experience required to move into jobs (e.g. youth, EI recipients, and social assistance recipients). This raises a series of human resource issues for nonprofit sector organizations and for governments, but research into these issues is lacking.

The HRDC/CCPA survey asked nonprofit sector organizations respondents how many full-time and permanent jobs they expected to create in 1995-1996. In most cases, about 90 percent of nonprofit sector organizations responded that they were not expecting to create any jobs, and this proportion was highest when asked about permanent positions. The biggest exceptions were environmental organizations and education charities, where about 17 percent felt that they might create between 1-3 jobs over that year.

A question for governments is whether they should be playing a role in creating incentives or programs to encourage either volunteering, work placements, or job creation in nonprofit sector. Over time, there have been a number of federal and provincial initiatives across the country geared at creating jobs or work-experience placements in the nonprofit sector, such as the Local Initiatives Project (LIP), UI Section 25, the Community Futures Development Program, the Ontario Training and Adjustment Board and grants with the Quebec Ministère de la santé et des services sociaux. Several new initiatives are listed in the Research-in-Progress section, Appendix 5. Involvement with these programs has been particularly high in Quebec, where there is currently an initiative with explicit objectives to create about 13,100 jobs over several years through 17 job creation projects in the social economy.

There has been some investigation into the degree to which nonprofit sector organizations make use of government wage subsidies to employ people in the sector, which generally show that under half of organizations make use of these programs. Only 23 percent of organizations had participated in federal training/employability/wage subsidy programs in the three years preceding the HRDC/CCPA survey; and 30 percent had participated in provincial ones. Welfare, health, benefits to the community charities and environmental organizations were slightly more likely to make use of these programs. Fewer organizations were using these programs at the actual time of the survey (June 1995) in comparison to the proportion who had claimed using them at some point over the three years preceding. Overall, 40 percent of organizations reported that they would be unwilling to make use of these programs, and about 20 percent overall were unsure.

In the Municipality of Metropolitan Toronto study, 42 percent of the 382 community human services agencies that had answered the question had applied for wage subsidy programs in the past year (several of these programs have since been discontinued), a small increase from the 39 percent who had applied for them in the previous year.

To our knowledge, no comprehensive national review has ever been undertaken to list these programs, quantify the number of workers who have passed through them, evaluate the

effectiveness or outcomes of these programs for organizations or participants, or to study of the applicability of the Quebec initiative to other parts of the country.

A question for nonprofit sector organizations is whether these pressures are creating new /different HR needs, and if so, what these needs are and how they can be best met. For instance, more needs to be known about whether work placements represent much-needed human resources for nonprofit sector organizations on the one hand, or whether they represent increased management responsibilities that outweigh the benefits of the placement on the other. It also seems to be the case that organizations struggle with the ethical dimensions around accepting placements who are obligated to be there by government mandate. There is some research being undertaken in this area in Ontario mentioned in the research-in-progress section (Project 4 under Ontario).

A final but significant issue raised by the idea of the nonprofit sector as a place for job creation and skill development is that these kinds of policy initiatives tend to make labour groups uneasy because of the fear that these programs will result in a low-wage economy for the delivery of services, through a devaluation of similar work previously done for better pay. In both Quebec and Ontario (and possibly other areas) there has been some kind of dialogue between labour and nonprofit groups, where discussions have involved an agreement between parties that job creation in the nonprofit sector will not constitute replacement of public sector or other jobs (Volunteer Ontario Fax Letter, 1996; Levesque and Ninacs, 1997). If debate over the place of the nonprofit sector in job creation and skill development is to proceed, it will likely require that thought be put into the way in which paid and unpaid work will be balanced in society.

The questions raised for governments and the nonprofit sector around job creation represent a significant gap in our knowledge, yet is affecting the HR context and needs of the sector.

### **The Quebec Model: Human Resource Initiatives Occurring in L' économie sociale**

The driving ideology behind the creation of the new social economy has been to consolidate economic development with social development. In March 1996, the premier's office initiated a conference on the social and economic future of Quebec with business, union, and community partners. A consensus was reached on several objectives, one of which was to create a forum on the economy and employment. This forum eventually involved four task forces, one focussed on job creation in the social economy. A summit on the Economy and Employment was held in Montreal in October/November 1996, where the social economy task force presented its plan for job creation in Quebec's social economy. The outcome of this Summit was an agreement to proceed with 17 job creation projects in the social economy, and to further develop plans for 7 more. These projects would represent an investment of \$389 million, including a government contribution of \$252 million over three years, the creation of 13,100 jobs, and the securing of another 400 jobs. Another 13,100 jobs would be created by the new Quebec Family Policy to create a network of infant centres.

This task force has publicly recognized the apprehension created among unions by the creation of social economy jobs, and has provided guarantees that these jobs would not involve job substitution with public sector jobs, as is tradition in social economy thinking.

Given the longstanding and expanding tradition of recognizing the social economy in Quebec, and as using it as a forum for job creation, a sector study on human resources issues would likely benefit by more in-depth profiling of the Quebec experience.

## 2. Unpaid Work in the Nonprofit Sector: HR Implications

Until this point, the analysis has focussed on paid work within nonprofit organizations. However most organizations within the nonprofit sector operate due to the combined supply of paid and unpaid labour (and a significant proportion are completely volunteer-run). The competencies and time that volunteers bring to an organization and to the sector impact the operation of organizations, the amount of work that the sector can take on, and the workplans of paid employees. In short, the presence of volunteers in the nonprofit sector creates an additional and unique set of HR issues.

Formal volunteers (workers within groups, agencies and organizations who willingly provide their services without pay (Duchsene, 1989)), form the focus of the analysis in this section, because they have the most easily measurable and widely researched impact on HR issues in the sector. However it should be noted that informal volunteers (volunteers who do paid work outside of an attachment to a particular organization) also seem to be taking on increasing responsibilities for work that is being transferred to “communities” and the “third sector” – such as the care of sick neighbours discharged early from the hospital. While it may not be methodologically possible or desirable to fold this work into a future nonprofit sector study, its presence could affect work in the sector, and this group of workers will be considered briefly.

### **Formal volunteers**

#### *Significance of the Volunteer Workforce*

The Sharpe study indicates that the ratio of volunteers to paid workers in charitable organizations is 3-1. This translates into about 4.5 million people who volunteered on either a steady basis or during peak periods in charitable organizations in 1993. Put another way, about 70 percent of organizations surveyed by both Sharpe and the HRDC/CCPA study rely on volunteer workforces of various sizes ranging from 1-5 volunteers (about 26 percent of all charities), to 6-50 volunteers (35 percent of all charities), to over 100 volunteers (about 4 percent of all charities). The 1996 Municipality of Metro Toronto survey of community agencies similarly reported that unpaid workers comprised two-thirds of the agencies’ collective workforce.

The above-mentioned studies are focussed on particular sample groups of nonprofit sector organizations. A more far-reaching source of information on the total number of volunteer

workers in Canada stems from the 1987 *Survey of Volunteer Activity*, which is soon to be updated by data from the 1997 *National Survey on Giving, Volunteering, Participating*. The 1987 survey reported that there were approximately 5.3 million formal volunteers in Canada<sup>34</sup>.

A final important point about the significance of the volunteer workforce is raised in the Sharpe and HRDC/CCPA studies – between 15 to 42 percent of charities use no paid staff at all -- indicating that they are completely volunteer run (see Tables 8 and 9). Volunteer-run organizations are represented across charity types.

### *Volunteers : Human Resource Implications*

Although volunteers provide labour without the direct cost of a wage, volunteer labour is not completely “free,” in that it requires an investment by an organization in many of the same areas of indirect investment that a paid employee requires – in time, money and energy to engage in the writing of job descriptions, recruiting, screening, training, managing and supervising of volunteers. Evidence of a decline in volunteers from the Municipality of Metropolitan Toronto study has led to the suggestion that the decline resulted from cutbacks to the organizations which diminished the capability of organizations to make the necessary investments in their volunteers.

The need for organizations to invest in volunteers may be becoming increasingly important if it is the case that there are fewer paid resources to handle increasing workloads within the sector, or if people increasingly come to view the sector as a place to volunteer to gain skills. If it is the case that the increased workload of the volunteer sector and the increased expectations of it as a place for skill development has raised the stakes for investing in volunteers, this may be reinforcing human resource needs around investments in volunteers. These needs include information on how to recruit, train, and manage volunteers, and, if volunteers are being asked to take on increasing responsibilities for work within the sector, it may involve standards around the training of volunteers. Finally, there may be a need to develop a better consensus within the sector between paid workers and volunteers around the limits of how much work and responsibility volunteers ought to take, and how to ensure that a healthy balance is maintained within the sector between voluntarism on the one hand, and the creation of a undervalued market for service delivery work on the other.

We have very little information with which to assess the extent of these emerging issues. The results of the 1997 *Survey on Giving, Volunteering, and Participating* will hopefully provide some insight into the changing level of significance and roles/expectations of volunteers, as well as the extent to which they expect to and do gain job-related skills from their experiences.

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<sup>34</sup> It should be noted that not all of these volunteers necessarily volunteered in the voluntary sector – one increasingly hears anecdotal evidence of young people volunteering in private or government sector organizations in the hopes of gaining paid employment.

For 1995, the HRDC/CCPA study provided us with some information on the ways in which volunteers were used and the extent to which they were given training. Overall, over 60 percent of the nonprofit organizations surveyed in the HRDC/CCPA study made use of volunteers as professional/service providers and top managers, while just under half of all organizations reported using volunteers in other management and clerical/administrative positions. Nonprofit organizations were less likely to train volunteers than they were to train paid workers (on average, 32 percent of these organizations trained volunteers compared to 56 percent of those who trained paid staff) (Table 20). When volunteers did receive training, it was in a smaller range of areas compared to paid workers.

Finally, more needs to be understood on what characterizes organizations that are completely volunteer run, and how/whether they differ from the rest of organizations in the sector in terms of their HR needs.

### **Informal Volunteers**

With the recent release of the 1996 labour market census data, and the upcoming release of the *Survey of Giving, Volunteering, and Participating*, attention has focussed on the issue of unpaid or volunteer work. Increased efforts to quantify the amount of unpaid work done by Canadians, and trends that might have been increasing unpaid workloads (such as the devolution of various programs and services to “communities”), may be affecting the way in which we conceptualize volunteering and the nonprofit sector.

It can be argued that “informal volunteers” are a category of workers who should be included in the nonprofit sector, because informal volunteers are individuals who work outside of volunteer organizations but volunteer their time and energy to help others in the community, in many cases performing work similar to that done by nonprofit sector organizations. For instance, in 1987, 7.5 million Canadians provided care to the sick or elderly outside of their own households (Statistics Canada, 1987).<sup>35</sup> In this way, the work of informal volunteers has been distinguished from the unpaid work of the household sector.<sup>36</sup>

Altogether, the 1987 *Survey of Volunteer Activity* determined that there were 13.2 million informal volunteers in Canada (roughly two-thirds of the adult population). Especially if the 1997 Survey reveals that informal volunteers have been picking up increased responsibilities for performing work in areas from which the state has been retreating, it may be the case that people engaged in unpaid work informally come to be conceptualized legitimately as volunteers – as part of the larger group of volunteers that might develop claims on supports for performing their work.

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<sup>35</sup> The 1997 Survey will update this information and also specifically asks respondents whether they have increased informal volunteer responsibilities as a result of hospital restructuring.

<sup>36</sup> The 1987 survey defined informal volunteers as unpaid workers who provide services to others directly (relatives, friends, neighbours and others, *none of whom live in the same household*) or indirectly (by helping the local community or society in general)”(Duchsene, 1989).

Increased work being performed by informal volunteers might also have implications for the supply of volunteer labour to the volunteer sector. Quite simply, after working in the paid workforce and carrying out the increasing activities associated with unpaid work, people might have less time to devote to volunteering.

Despite the importance of recognizing the work of informal volunteers and the possible interplay between this work and that which occurs formally, it may be the case as was argued in Section I that for practical reasons, the HR issues and needs faced by informal volunteers are outside of the scope of a sector study.

### **The Volunteer Workforce: Gender Dimension**

The *Survey of Volunteer Activity* is the only source of volunteer information that allows a gender breakdown of the volunteer workforce. Much like the paid nonprofit sector workforce, the unpaid formal volunteer workers in 1987 were made up of 30 percent of women compared to 24 percent of men, and 69 percent of women engaged in informal volunteering compared to 64 percent of men. In the realm of certain areas, such as care, women made up 61 percent of all people performing care of the sick and elderly in the capacity of an informal volunteer (Duchsene, 1989).

The theme of female over-representation in all facets of the volunteer sector workforce is cause to include a gender analysis in future research on the sector. In particular, it might be important to check for a time/pressure squeeze that might be affecting women. Women predominate among the paid workers in the sector who might be experiencing increase workloads and stress; women predominate among the formal volunteers who may be taking on increasing responsibility for work in the sector without pay, and women predominate amongst informal volunteers, certain areas of which are currently being further devolved into “communities,” or, in other words, into the hands of these informal volunteers.

Questions also arise around the balance we wish to strike in society between the amount and kind of work we expect to be done for free, who we expect to do this work, and the effects on similar work that we value momentarily. Given the gender demographics of the nonprofit sector, and the gender equality goals of the government, these questions must be filtered through a gender lens if we are to understand the full implications of their answers.

### 3. Summary of Gaps in our Knowledge and Areas for Further Research

The Studies on work and HR in the nonprofit sector currently take place within the vacuum of basic data that is the hallmark of research in the sector. We continue to lack a basic sense of the size of the population of organizations in the nonprofit sector beyond those organizations which file Information Returns or pay GST (and even the definition of this universe is still under development), although analysts have estimated that this outside population is large. Flowing from this gap is a lack of basic data on the number of people with paid employment in the sector, the conditions under which they work, and the HR needs they and their organizations face.

For the nonprofit sector organizations that are part of a known population – at this point registered charities -- the kinds of data we have on HR issues tends to be either so sweeping that it is rendered relatively meaningless; partial in the scope of issues it covers; or very much “snapshot” data in nature, which its particularly problematic given the great change the sector is undergoing.

So, there is no question that there are numerous research gaps to be filled, on both methodological and substantive levels. A summary of these major substantive gaps follows:

- Although we know that a significant proportion of people earn their living in the charitable sector, we have no idea how many people earn their living in the tens of thousands of nonprofit sector organizations outside of this portion of the nonprofit sector, nor do we know how these workers are characterized demographically, and what kinds of working lives they lead. We also have no idea how the levels of paid employment in the nonprofit sector have been changing in the context of government restructuring and cutbacks.
- Although we know that the nonprofit sector employs an unusually high proportion of part-time workers compared to other sectors of the economy, we do not know whether this is desired by workers as a form of flexible working; or whether it represents involuntary part-time employment, used because the sector is under-resourced.
- The extent of use of contract work, job tenure (for both volunteers and paid workers), and extent to which employees view the sector as a location for a career have not been measured, yet these kinds of factors are determinants of types of human resource planning, development and management aspects of organizations.
- There has been very little work done to compare wages in the nonprofit sector with those in other sectors, although the limited evidence we have suggests that nonprofit sector wages are relatively low, particularly for non-management positions. Yet, nonprofit sector workers tend to be quite highly educated relative to workers in other sectors of the economy. More work needs to be done to examine the income and income expectations of nonprofit sector workers. If it is indeed the case that pay tends to be lower in nonprofit sector organizations compared to other sectors of the economy, is it the case on the one hand that nonprofit sector employees derive rewards from their work that induce them to

accept lower-than-average salaries, or, on the other hand, will we see an outflow of workers to other sectors as inter-sectoral mobility begins to increase and the nonprofit sector comes to be seen relatively as underresourced and overburdened sector of the economy?

- There has been no systematic occupational breakdown for the sector.
- The fact that evidence indicates that women dominate as workers in the nonprofit sector (both paid and unpaid workers) raises a need for gender analysis. There is a need for a gender break-down of occupations and wages in the sector. It would be interesting to know whether nonprofit sector organizations tend to be more “gender-friendly” by testing the wage gaps, glass-ceiling effect, and other such indicators in comparison to other sectors of the economy.
- There has been no examination of how the adoption of various forms of education and training for the sector (for instance a degree program versus certification programs versus training workshops) would affect the wages and professionalism of the sector.
- We have no idea what extent of workplace change is being experienced within nonprofit sector organizations, what kinds of workplace change are being adopted, and what kinds of effects are being experienced as a result of this workplace change. For instance, are the increased workloads and/or stress expressed in the Toronto and HRDC/CCPA studies being counter-balanced by more innovative human resource management practices, more efficient forms of program development and delivery, and exciting new joint ventures? Are there sufficient paid people left in the sector to be able to recruit, manage and motivate the necessary complement of volunteers to complete what seems to be the increasing work of the sector? Are sufficient people going to be attracted to work in this sector in the future?
- Is the nonprofit sector one of job creation and skill development? Is this a desirable or realistic demand on the sector? If so, is the sector equipped to handle it? There has been very little research into these questions.
- What would be the desirable level of work to be performed by volunteers versus paid workers, to ensure maintenance of standards, while not creating a low-wage economy as a substitute for well-paying well-trained work? What is the available supply of volunteers for this kind of work, and how is this changing in the context of economic insecurity and increasing degree to which people are expected to take over various activities from the state themselves?

## 5. SECTOR INITIATIVES

It is important that any research that may be conducted as part of a sector study does not duplicate activities that have already been conducted or that are being planned to be conducted in the near future.

We therefore spent some time exploring the extent to which there are any HR initiatives currently underway that address human resource/ management/ work force development interests, and identifying any on-going research in the sector that is HR related.

Telephone interviews were conducted with contacts in government, the voluntary sector and academia to identify initiatives, determine who is involved, the scope of activities being undertaken, the timeframes involved, the objectives and the approach or methodology being pursued. The following types of organizations were contacted and interviewed:

- Provincial government ministries (e.g., Ministry of Labour)
- Foundations with a known interest in human resource issues as identified through the Centre's *Canadian Directory to Foundations* which provides a comprehensive listing of Canadian foundations and their funding interests (e.g., Kahanoff Foundation, the McConnell Foundation, the Muttart Foundation, Community Foundations of Canada).
- Federal Government Departments (Canadian Heritage, Health Canada, Human Resource Development Canada)
- Voluntary Sector Stakeholders (see Appendix 4 for a list of stakeholders interviewed and the interview methodology).

### Government Initiatives

We relied on a snowball technique to identify individuals to contact in federal and provincial ministries and departments. We started by contacting Canadian Heritage, Health Canada, Human Resources Development Canada and a variety of relevant provincial ministries (e.g., Alberta Ministry of Labour, Manitoba Ministry of Education and Training, Newfoundland Ministry of Human Resources and Employment, British Columbia Skills Development Office). We began with a list of approximately 50 contacts. After following up on all available leads we placed telephone calls with 50 individuals and were able to get information from 30. Thirteen relevant initiatives were identified and details about them are provided in Appendix 5.

One of the initiatives are national in scope. Five of the initiatives are job placement programs in the provinces of Ontario, Prince Edward Island, and Alberta that focused directly or indirectly on not-for-profit organizations. They all aim to provide employment or job training for individuals and are client-focused. Of the remaining initiatives: one is a cultural sector study conducted by the Atlantic Provinces and Heritage Canada one is a compilation of statistics on employment in libraries in Alberta two aim to promote the économie sociale through forums or events in Quebec one is meant establish local development centres in Quebec one is focused on establishing local employment centres in Quebec one is aimed at developing Health Canada's workplace health programs in

organizations, including nonprofits across Canada and one is a Health Canada train the trainer program for community-based childcare organizations.

### **nonprofit Educational Programs**

There are a number of educational programs situated in community colleges and universities that provide educational and training programs for those in the nonprofit sector. A number of these were known to us through their relationships with the Canadian Centre for Philanthropy and are listed in Appendix . A number were identified via our stakeholder interviews as being particularly relevant. These were: York University's Centre for Nonprofit Management McGill / McConnell School for International Voluntary Sector Leaders (commencing April ) Concordia's Institute of Management the Nonprofit Management Centre initiative (a future joint venture of Carleton and University of Ottawa) and the newly established multi-departmental voluntary sector program at Ryerson commencing in the Fall of . Two of these are new initiatives.

The McGill / McConnell School for International Voluntary Sector Leaders will be housed in the Faculty of Management at McGill. Faculty will be drawn from North America and perhaps beyond. A two-year master's level program is being offered, the curriculum for which is being developed over the next year. Courses will be offered in six, two-week modules, with up to 5 students per cycle. The program is designed for present and emerging leaders in the voluntary sector and/or those in their early- to mid-career. Presently, two academic advisory panels drawn from North America and a leadership panel drawn from the public, private and voluntary sectors are being called upon to assist in curriculum development. Eventually, the program will have an international component with representation from Australia and India. (For more information contact: Bob Vokey, McConnell Foundation, 54 - ).

The Ryerson Certificate Program in Interdisciplinary Studies in Nonprofit and Voluntary Sector Management, was designed by an interdisciplinary team of experts under the auspices of Ryerson's Centre for Voluntary Sector Studies with the support of the Division of Continuing Education. It draws on three academic disciplines related to nonprofit management and leadership: Business Management, Public Administration and Social Work. It is positioned to meet the diverse educational needs of: professionals and managers, paid and unpaid, of voluntary and nonprofit organizations undergraduate students who realize the potential work opportunities that the sector will provide students wishing to prepare for graduate studies specializing in nonprofit management and leadership and those working in public or private sector service organizations who are considering partnerships with nonprofits. The program will offer courses that focus on: resource development skills (e.g., marketing, advocacy, fundraising, program development and evaluation, volunteer development, board-staff relations and management) resource management activities (e.g., financial management, human resources management) behaviour in nonprofit organizations (e.g., leadership, communication, decision making, labour relations) and contextual background (i.e., historical, social, political, economic, legal and moral environments) that affects the development of the voluntary sector and continues to influence the direction of nonprofit organizations. The curriculum is an integration of theory and practical application using a variety of teaching tools including seminars, case studies, group

discussions, guest lectures, simulations, field observation and independent study. Two different delivery modes are offered: the traditional in-class approach, with 12 hours of instruction per week over 16 weeks and distance education using printed material, diskettes or the Internet. In the future, alternative delivery modes, such as a series of weekend or day-long seminars totalling 12 hours, will be offered. (For more information contact: Dr. Agnes G. Meinhard, Associate Professor of Organizational Behaviour, Director, Centre for Voluntary Sector Studies, Faculty of Business, Ryerson Polytechnic University, Toronto, Voice: (416) 979-5151, x 2100. Fax: (416) 979-5154, e-mail: [meinhard@acs.ryerson.ca](mailto:meinhard@acs.ryerson.ca)).

## Research Initiatives

Ongoing research on HR initiatives was identified primarily through the Canadian Centre for Philanthropy's recently created catalogue of Research-in-Progress on the voluntary sector. The catalogue contains the results of an exhaustive mail and telephone survey of academic researchers, national voluntary organizations, policy institutes and think tanks, as well as government departments (conducted between October, 1998 and January 1999). For each research project, the catalogue documents the purpose of the project, its scope, methodology/approach, sponsors and timeframes. Researchers associated with HR related research projects were contacted to obtain information that may have been missing from their catalogue entries (e.g., not all entries had information about sponsorship). A number of research initiatives were also identified in the course of the stakeholder interviews.

Twenty-four ongoing research-studies on human resource were uncovered. The studies can be grouped into a number of categories. Those that focus on:

- the impacts of change (i.e., political, social or economic) on human resources and organizational management (5 studies)
- compensation, benefits and salaries of paid staff (5 studies)
- issues related to the nonprofit sector as a place of work or training (4 studies)
- the economic value of labour, volunteer time and voluntary activities (4 studies)
- education, training and research (4 studies)
- identifying who is a volunteer (4 studies)
- volunteer management and planning (4 studies)
- and issues related to work conditions and work environments in nonprofits (4 studies).

The majority of the studies (18) are being conducted by academics while the remaining are conducted by a variety of different types of researchers (consultants, research institutes, professional associations, community benefit organizations and a private foundation). The projects are also funded by a variety of sources. The Social Sciences and Humanities Research Council (SSHRC) is funding six of the projects. The federal government (e.g., HRDC and Health Canada) are funding four projects, in whole or in part. Four projects are being funded by private foundations. Two projects are being funded by educational institutions and three projects are unfunded. One respondent did not provide

any information on funding sources. Four projects are funded by nonprofit research partners, a research institute, and professional associations.

A brief description of the projects is provided below, full details on each project is provided in Appendix 5. Of the twenty-four research-in-progress initiatives, seven ( ) have a national scope. The other initiatives focus on Ontario (5), British Columbia ( ), Alberta (5), Manitoba ( ), Newfoundland Labrador ( ), and international ( ).

### **ational Research**

The following projects have a national scope and may provide some information that could inform a national HR sector study.

#### *Emerging Social, Economic, and Political Pressures on Volunteerism: Implications for Volunteers, Communities, and Non-Profit Organizations.*

**Contact:** Rosemary Polegato, M A, Ph.D., Commerce, Faculty of Social Sciences, Mount Allison University,

**Funding:** Project funded by Aid to Small Universities Grant (SSHRC).

#### *Work in the Nonprofit Sector*

**Contact:** Katie Davidman, Research Assistant, Canadian Policy Research Networks

**Funding:** internal CPR -Work network funds

#### *Feasibility Study for a Centre for Governance, Leadership and Management in the Voluntary Sector.*

**Contact (s):** John Saxby, Ph.D., Consultant, SMC Management Services Inc.

**Funding:** HRDC, Office of Employability and Social Partnerships International Development Research Centre Carleton University University of Ottawa, Faculty of Social Science, Centre for Study of Training, Investment and Economic Restructuring (Carleton University) United Way of Central Canada Aga Khan Foundation

#### *Responses of Women's Voluntary Organizations to the Changing Social Political And Economic Environment*

**Contact:** Dr. Agnes Meinhard, Associate Professor of Organizational Behaviour, Director, Centre for Voluntary Sector Studies, Faculty of Business, Ryerson Polytechnic University

**Funding:** SSHRC Women's Voluntary Organization Project internal Ryerson funding

#### *Estimating the Value of Volunteer Time*

**Contact:** Jason Clemens, Policy Analyst, The Fraser Institute

**Funding:** part of a non-profit project funded by the Donner Foundation

*1998 Survey of Compensation & Benefits in the Canadian Fundraising Sector.* (This is a joint project of Canadian Fundraiser and Canadian chapters of the National Society of Fundraising Executives.)

**Contact:** Tim Hillborn, Editor, Canadian FundRaiser  
**Funding:** internal

*Surveys on members' salaries and benefits.*

**Contact:** Pat Gillis, President, Canadian Administrators of Volunteer Resources

**Provincial Research**

The research projects being conducted with a provincial scope, can contribute to the national perspective on the voluntary sector. Research projects with a provincial scope provide a glimpse into a variety of aspects of the voluntary sector (e.g., characteristics of volunteers, strategic planning for voluntary organizations, compensation/salary and benefits in nonprofits, education and training). Taking into consideration that all nonprofit sector agencies across Canada are being faced with similar organizational challenges including cuts in funding, these provincial studies (while local in scope) help to form a consolidated picture of the nonprofit sector nationally.

**Alberta**

*The Urban Francophone Volunteer*

**Contact:** Robert A. Stebbins, Sociology, University of Calgary, Dept. of Sociology, University of Calgary

**Funding:** SSHRC Small Research Grants (administered by University of Calgary)

*Survey and Strategic Planning Project for Volunteer Alberta*

**Contact:** Glynis Thomas, President, Volunteer Alberta (403) 445-5555 and Shelley Brownski, Executive Director, Volunteer Alberta (403) 445-4444.

**Funding:** The project is being funded by the Wild Rose Foundation.

University of Calgary's proposed study on Volunteer Centres on campus. In proposal stage and currently being considered for funding.

**Contact:** Cheryl Hayes, University of Calgary.

*The Muttart Foundation's study on compensating staff in nonprofits.*

**Contact:** Bob Wyatt, Executive Director, the Muttart Foundation, (403) 445-5555.

**Funding:** The Muttart Foundation

*1997 United Way of Calgary Community Service Agencies Survey of salaries and Human Resource Practices.*

**Contact:** Peter Roland, Consultant, (403) 555-5555 Frank Johnson, United Way of Calgary, (403) 555-5555.

**Funding:** The funding for the study came from participants.

British Columbia

*The Transformation of the Voluntary Sector: From Grassroots to Shadow State*

**Contact:** Dr. O'Rekart, Discipline, Urban Planning/ Urban Sociology, Pacifica Resources Inc./Rekart Associates

*Volunteering Toward Work - A Program Feasibility Study*

**Contact:** James Pratt, James Pratt Consulting

**Funding:** HRDC LLMP Program

Manitoba

*The Non-Profit Sector In Manitoba: An In-Depth Examination*

**Contacts:** Dr. Laura Brown, Assistant Professor, Dr. Costas Nicolaou, Professor, Dr. Elizabeth Troutt, Assistant Professor, all at: Department of Economics, University of Manitoba

**Funding:** Kahanoff Nonprofit Research Initiative

Newfoundland and Labrador

*Third Sector Study*

**Contact:** Newfoundland Labrador, Community Service Council of St. John's

Ontario

*Developing a "Management in the Non-Profit Sector" Certificate Program*

**Contact:** Pat MacDonald, Program Coordinator, Faculty of Continuing Education Applied Arts, Mohawk College of Applied Arts Technology

**Funding:** internal, part of program development

*Coping with Rapid Change: Contributions of Personal Factors, Work Environment, and Organizational Supports to Workers' Adaptation and Work Status.*

**Contact:** Dr. Christel A. Woodward, McMaster University, Department of Clinical Epidemiology and Biostatistics

**Funding:** SSHRC Hamilton Hospital Corporation

*Changes & Challenges in the 1990s: A Study of Social Planning Councils in Ontario and Their Volunteers*

**Contact:** Susan Arai, Rural Planning, University of Guelph,

**Funding:** SSHRC-- Doctoral Fellowship

*Workfare and the Involvement of Nonprofit Organizations: Ethical Dilemmas*

**Contact:** Lesley Jacobs, Discipline: Philosophy / Law Society, Associate Professor  
University, Currently on sabbatical Liberal Arts Fellow, Harvard Law School

**Funding:** currently unfunded

*Healthy Work Environments in Community Based Health and Social Service Agencies*

**Contact:** Dr. Margaret A Denton, Discipline: Associate Professor of Gerontology and Sociology  
and Principal Investigator, McMaster Research Centre for the Promotion of Women's  
Health, McMaster University, Office of Gerontological Studies

**Funding:** This project is funded by the Social Sciences and Humanities Research Council of  
Canada under the thematic theme Women and Change, Health Canada, and the  
Social Sciences and Humanities Research Council through their support of the  
McMaster Research Centre for the Promotion of Women's Health.

**International Projects**

A few of the projects identified were international in scope.

*A Contextual Exploration of a Social Ambiguity: Who is a Volunteer?*

**Contact:** Femida Handy, Faculty of Environmental Studies, York University

**Funding:** SSHRC Small Grants Program

*The Wage Differential Between Nonprofit Institutions and Corporations: Getting More by Paying Less?*

**Contact:** Femida Handy, York University, Faculty of Environmental Studies,

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*Trends in the Voluntary Sector in the UK & Canada*

**Contact:** Peter Hudson, Faculty of Social Work, University of Manitoba,

**Funding:** This research is currently unfunded.

## **VI. CONSIDERATIONS INVOLVED IN A NATIONAL SECTOR STUDY**

Our review suggests that there is a clear lack of information on HR issues in the nonprofit sector and that the stakeholders recognize the need for greater attention to be paid to HR issues. Perhaps most importantly, there appears to be interest in and support for the concept of an HR sector study within the sector. However, a number of challenges will need to be faced. The greatest challenges appear to lie in two areas. First, there is the problem of determining the appropriate scope of the study and the implications that decisions about the study's scope have for stakeholder participation. Second, there is a need for better information about the organizations that constitute the sector that will help to inform decisions about the appropriate scope of the study.

In this final section we consider the issues related to undertaking a national sector study of the nonprofit sector. We begin by discussing the value of an HR study to the nonprofit sector. Next, we outline the needs that the sector has for information and the perceived contributions that a sector study might make. We then turn to sector involvement, outlining a number of issues that will need to be addressed to maximize support for a sector study. Next we review some methodological issues that an HR sector study will face. Finally, we present our conclusions.

Our discussion in this section follows from the review we have carried out and reported on in the earlier sections of this report. We have relied heavily on information we obtained from a series of interviews with 27 organizations in the nonprofit sector, as well as interviews with key informants who have been involved in previous sector studies (see Appendix 4 for details on the organizations contacted and the methodology employed). Finally we have reviewed some earlier sector studies that are relevant to considerations regarding a nonprofit sector study.

### **The Value of an HR Sector Study to the Nonprofit Sector**

Over the past number of years, many industries in Canada have benefitted from participating in a sector study of its human resources. These studies can vary substantially because of the differences across sectors in composition, key issues, and expectations. However, there are a number of commonalities. Leadership and initiative are typically provided by the industry. The study uses a cooperative approach involving the industry and other stakeholders such as labour and the education sector. The terms of reference, including the key issues for study, are identified by the stakeholders who usually work with a contractor through a steering committee. The study report is meant to be a consensus document with a forward looking action plan that all of the stakeholders have agreed to. The role of HRDC is primarily a supportive one, providing analytical, administrative, and financial resources.

The sector studies that have been undertaken have led to many positive developments. At a minimum, they have typically generated new and useful information about the human resource trends that the sector has identified as important. In addition, they have usually enhanced the ability of the stakeholders to work together. These studies often have led to the implementation of specific activities to address the issues identified in the sector study report. In many cases, joint initiatives have been pursued by sector stakeholders, or sector councils have been created to become ongoing mechanisms for multilateral sector-driven human resource activities.

Our study – and specifically our stakeholder interviews – leads us to believe that a Nonprofit Sector HR Study can provide a variety of benefits to the nonprofit sector in terms of strengthening its infrastructure and furthering its development. First, as our review of available HR information shows, there is certainly a need within the sector for human resource information. There are gaps in terms of basic labour market information and in terms of more specific and specialized information. Second, the sector is an important component of Canada’s economy and social infrastructure that is facing a variety of pressures both in terms of demand for services and in the supply of resources. Finally, the diversity of the sector would seem to make institutions that integrate the various players a hopeful development.

### **The Need for Information**

As we have noted, the nonprofit sector is essentially an invisible sector insofar as standard sources of economic and human resource data are concerned. There is a lack of fundamental data on most HR issues. Our interviews with nonprofit stakeholders, plus our own review of the existing data, revealed a need for a wide variety of basic information including:

- the composition of the workforce by age, gender, and ethnic background;
- educational levels;
- training;
- types of employment opportunities available;
- work conditions in the sector;
- nature of compensation and benefits in the sector;
- salary ranges offered;
- range of skill sets in different positions;
- and types of work performed by people in different organizations.

More specifically, in the interviews stakeholders identified a multitude of needs for HR information to assist them in their work. These needs covered the complete HR spectrum and are detailed in Box 1.

## **Box 1. Needs for HR Information Identified in Stakeholder Interviews**

### **Recruitment and hiring**

Hiring practices

Career paths of sector personnel – where they come from, extent of mobility between other sectors

Recruitment practices

Best practices for recruiting young people

Role of volunteering in career paths

### **HR Management**

Appropriate levels of compensation including benefits

How to outline responsibilities and duties for a position / job descriptions

Issues of diversity in terms of culture, ability, age and gender in their organization

Coping with and prevent burnout

Staff turnover

Addressing risk and liability issues

Issues concerning unionization of the workforce

### **Training and Development**

Identifying training opportunities

Establishing preferred means of training (i.e., in-house versus off-site)

Establishing credentials and professional standards in the sector

### **Skill Development**

Identifying future skill requirements

Fundraising skills (and standards for fundraisers)

Evaluation skills

Public speaking

Written communication (including proposal writing)

Policy application (said to be ‘knowledge’ broker skills)

Marketing skills

Networking skills

Relationship building or interpersonal skills

### **Technological Skill Development**

Identifying current skill levels

Gaps and future demand of technological skills

How to utilize technology without displacing people

How to use technology to reduce costs and increase efficiency

How to use technology to broaden services offered to clients

How to do work in a new technological environment

What special skills are required to meet technological challenges

Which technology to buy with minimal funds

What software is available

### **Management Skill Development**

Leadership development
Collaboration
Team work
Board management and board governance
Capacity building
Mediation and facilitation
Financial and strategic planning
Organizational governance
Accountability
Improving effectiveness

In addition to this list, stakeholders also raised issues concerning the self employed (e.g., benefits, and health insurance) which need to be addressed in the nonprofit sector. Some respondents believe there is a need to examine the role of entrepreneurs, consultants and small businesses, including how to maintain the talent pool and how to establish ways to access these individuals.

### *Volunteer Issues*

HR issues in the nonprofit sector include those that concern volunteers according to our stakeholder interviews. Nonprofit sector organizations recognize that increased demand for nonprofit services when combined with reductions in funding to nonprofit organizations necessitates an increasing reliance on volunteers. Accordingly, volunteer management which includes recruitment (i.e. selecting the right people for the right tasks) and retention is an important HR issue. Volunteer board management is also an important issue and stakeholders identified the need for such things as training for volunteer boards in strategic, operational and financial planning, and fundraising. Our interviews revealed a variety of needs for information on issues such as:

- conditions of work (e.g., practices regarding reimbursement of volunteers for expenses);
- the benefits of volunteering (for recruitment purposes);
- skills training such as fundraising skills;
- recognition for volunteer contributions;
- leadership training;
- the role of volunteers in the operation of an organization;
- liability issues such as insurance, injury, and safety; and,
- managing and encourage diversity (e.g., cultural, by age, or by income levels).

The lack of basic HR information that stakeholders so readily identify constrains the ability of the nonprofit sector to cope with a variety of pressures, many of which were outlined in our discussion of the sector's operating and public policy context. The public and government, for example, are increasingly looking to the sector to take on new roles as governments rethink their role in society. As demands for nonprofit sector services increase, organizations are facing greater uncertainty over government funding and dealing with new pressures for improved accountability. A common theme for nonprofit sector organizations is the need to respond by finding greater

efficiencies. This poses a variety of human resource challenges that nonprofit sector organizations appear to be having difficulty meeting.

### **The Perceived Contributions that an HR Sector Study Could Make**

The benefits of HR Sector Studies in other sectors have been already noted. Our analysis of the current gaps in HR information available to the nonprofit sector suggest to us that the nonprofit sector too would benefit from an HR study. Our analysis of the potential benefits were shared by many of the stakeholders that we interviewed.

Stakeholders identified a number of benefits that could arise from a sector study. Most acknowledged the need for a consolidation of any information that is available on human resource issues. Almost all identified the important role that a sector study would play both in legitimizing the role of the nonprofit sector in the economy and in enhancing the sector's profile.

Many of the perceived benefits of a sector study relate to its potential to assist organizations in responding to new challenges that they are facing as governments download responsibilities to the sector, and as the sector's role in society expands. Such changes are seen to have a potentially large impact on the human resource requirements of nonprofit sector organizations. A sector study could assist the sector in adjusting to these changes by generating discussion of key HR challenges, by assembling relevant information, and by initiating a process among the stakeholders of responding to these challenges.

Some stakeholders think that a sector study would help nonprofit organizations to operate more efficiently by identifying human resource priorities and by assisting in the strategic delivery of services. A sector study, could for example, provide the opportunity to identify gaps and needs, including future needs, in terms of human resources. As one respondent (a funder) indicated, this could potentially facilitate attempts to obtain resources to meet identified HR needs.

A sector study was also seen as a possible instrument in assisting the nonprofit sector in fulfilling its potential role as an instrument for job creation by identifying job opportunities for displaced workers and young graduates.

Stakeholders also identified the potential role that an HR sector study could provide in encouraging organizations to look beyond individual interests and promoting collective action on HR issues. For example, a sector study was seen to provide an opportunity to develop a forum for on-going dialogue in the sector on human resource issues and to encourage partnerships among subsectors.

### **Sector Interest and Involvement in a Sector study**

There appears to be widespread interest within the nonprofit sector stakeholders in having an HR sector study initiated. Close to forty percent of the organizations that we interviewed gave

unqualified support to the idea of a sector study and indicated that they believed it would be valuable to their organizations. The remainder of the stakeholders (with one exception) gave support to the concept of the sector study but realistically noted that a number of issues needed to be addressed in order to make it useful. Suggestions to improve its usefulness included:

- avoiding duplication of any information that is already available;
- ensuring that it be “sector driven”;
- ensuring the scope of the study is not too broad and that it should be concentrated on subsectors (e.g., “don’t include hospitals and universities, since they’re closely tied to government” and “don’t include trade unions and professional associations”);
- ensuring that the term “nonprofit sector” is clearly defined (e.g., “the term is too broad and too unmanageable”); and,
- ensuring that the outcomes are practical (e.g., developing resource guides or training manuals).

Only one respondent said they did not think that there was any value in conducting a sector study primarily because of the perception that there were greater needs that required attention (i.e., “it’s not a priority...[because] the sector is under siege”).

Thus our interviews suggest that a HR sector study will be able to attract the interest of nonprofit sector organizations. As we have noted, nonprofit organizations have identified a need for addressing HR issues and believe that a sector study can make an important contribution to the sector.

### *Interest in Being Involved*

All of the stakeholders we interviewed expressed an interest in being involved with a sector study, although two organizations desired only a minimal role (i.e., to help identify other organizations that should be involved). In addition, most stakeholders believe that other nonprofit organizations would also see value in a sector study.

Although interested in being involved, many organizations had difficulty in assessing what the likely level of their commitment would be in the absence of a concrete study proposal. One-third of the organizations we interviewed indicated that their decision would depend on such things as: expectations regarding commitments of time, costs to their organization, the degree to which staff and volunteer resources would be called upon, the expected outcomes, and the scope of study.

### *Maximizing Support for a Sector Study*

There is a great deal of interest in seeing an HR sector study initiated for the nonprofit sector and many organizations appear willing to become involved in the process. However, the stakeholders we interviewed have a realistic appraisal of the challenges that a sector study might face. Decisions about involvement in a sector study process will depend both upon the extent to which

the study holds the promise of producing tangible results and the extent to which the costs of their involvement are minimized.

### *Concerns about the scope of a nonprofit sector study*

Our interviews revealed that nonprofit organizations have reservations about the scope of a nonprofit sector study and expressed the need to clearly define what terms such as “nonprofit” or “voluntary” denoted. A narrow definition would allow appropriate stakeholders to be identified. A concern was expressed that a definition that was too broad and encompassing would lead to a study which was unmanageable, too lengthy, and too costly. In addition, a broad nonprofit study was seen to have the potential to generate information of limited utility to organizations within specific subsectors of the sector (e.g., social service organizations, health service organizations, or recreational organizations). Most respondents preferred a “subsectoral” approach (i.e., an examination of the various subsectors that contribute to the whole) to collecting information.

### *Getting “buy-in” from organizations*

Nonprofit sector organizations, from the point of view of the stakeholders we interviewed, may require educating before they will “buy-in” to a sector study. Factors which would encourage buy-in included having a clear definition of the sector, ensuring that a sector study had “practical” outcomes, and the identification of long-term benefits. There may be some value in promoting the benefits to organizations of paying more systematic attention to human resource issues.

It may be difficult to get “buy-in” from smaller organizations that are focussing all of their efforts on seeking funds to keep their organizations operating. In our interviews, organizations such as these were said to be concentrating on daily activities (e.g., sometimes “one or two person shows”) and perhaps would fail to see the “bigger picture”, or fail to see their “connection with other organizations”. In these cases, organizations may not see what they have to contribute to the sector study process, or may not see what they have to benefit.

Finally, from our stakeholders’ perspectives, getting “buy in” will require developing a sector-driven process in order to ensure the ability to implement any human resource strategies in the nonprofit sector in the end. Some organizations were concerned that government mandates and priorities would overshadow nonprofit organizations’ wants and needs. Organizations stated that they needed reassurance that a sector study would be driven mainly by nonprofit sector issues. For this reason, respondents suggested that issues should be prioritized before a sector study could proceed (i.e., a prioritized list of issues could be developed and used to shape a sector study).

Results need to be oriented to practical outcomes for a sector study to get involvement from nonprofit sector organizations. Organizations want the study to produce user friendly information that can be put to use in their organizations such as resource guides, hiring recommendations, and concrete training suggestions. Organizations may need information products that demonstrate how HR information can be applied to their work (e.g., how to write a job description, or where to go for fundraising training).

Our interviews with people involved in earlier sector studies elicited the comment that focussing on cross-cutting issues can be useful for getting buy-in from diverse segments of the sector. For example, meeting skill requirements might be such an issue -- it seems that virtually all types of non-profit organizations see this as a key challenge.

Organizations also have concerns about participating in a study process that would not result in any action on HR issues. The study will need to be positioned as part of a long term HR action strategy that is seen to have sustained support from the government.

#### *A sector study including volunteers arouses suspicion*

Although nonprofit organizations consider volunteer HR issues to be an important area of attention, there is skepticism about government involvement in studies regarding volunteering. In particular, some organizations are concerned that information about volunteers would be used to promote the replacement of paid staff with volunteers. Some stakeholders felt that a sector study should focus on paid staff first and that volunteer issues should be the focus of a separate study.

#### *Nonprofit sector participation requires support*

For many nonprofit organizations, the decision about whether or not to become involved in a sector study will depend upon the financial and human resource costs that such participation entails. Because of the scarce resources that many of these organizations have, they will be unlikely to participate in a study if they have to underwrite travel costs or if it requires substantial demands on staff time. A sector study will need to consider this issue if it wants to maximize the involvement of nonprofit sector organizations.

### **Potential Stakeholders: Which Organizations Should Be Involved**

The identification of stakeholder organizations that should be involved in a sector study will depend upon the scope of the study. In our interviews with nonprofit sector representatives their opinions about which organizations should be involved in a sector study varied according to their views about the scope of the study. About half suggested that stakeholders should be limited to registered charities and about half suggested a mixture of registered charities and other nonprofit organizations. There were a number of suggestions to ensure that a mix of organizations were involved (e.g., a diversity of revenue categories, a mix and balance of large and community-level organizations, rural and urban organizations) which were seen as helping to ensure that the study produced practical outcomes.

Almost all the nonprofit sector representatives we interviewed indicated that a sector study should involve people from different levels within organizations (i.e., front line, CEO, management, and volunteers). The following general types of nonprofit organizations were suggested: those

delivering training or educational programs; community economic development (CED) organizations; cooperative housing organizations; homeless-focussed groups; grassroots or community-based organizations; those delivering social services at the community level; and national or regional bodies which coordinate other organizations.

In terms of sector representation, respondents indicated the need to involve private and corporate sector organizations, people with human resource expertise (such as executive search companies), independent consultants (who cater to nonprofit organizations), government agencies, and umbrella groups and foundations. Specific nonprofit sector organizations suggested include: Canadian Centre for Philanthropy; Canadian Council for Social Development; Canadian Policy Research Networks; Red Cross; Salvation Army; Social Planning Councils; United Way; Volunteer Canada; VON; YWCA; YMCA; Foodbanks; members of the Nonprofit Sector Roundtable; Big Brothers and Sisters; community based organizations (identified through umbrella organizations); and unions.

Representation was also an issue that emerged from our interviews with individuals who have been involved in earlier sector studies. Sometimes “big players” pose a threat of taking ownership of the process and it is important to involve counter-weights that represent smaller organizations. In some sectors, this can be difficult where no such umbrella groups exist. This would not seem to be the case in the nonprofit sector, as evidenced by the list included in the preceding paragraph.

About a quarter of those interviewed expressed the opinion that universities, educational institutions, or hospitals who are publicly funded to a large degree (i.e., “parapublic organizations”), should not be involved. For example, universities were not perceived to have much in common with the rest of the nonprofit sector. One respondent made the point that some organizations do not see themselves as part of the sector, such as faith organizations.

### **Methodological Challenges**

There are a number of methodological challenges that would need to be addressed before a sector study could be undertaken. These involve both strategic and research design issues. Some of the challenges have been identified by the nonprofit sector representatives with whom we have spoken. Others have emerged from our own empirical analysis of the existing information on the sector, from our interviews with researchers, and from our review of earlier sector studies. We begin with an examination of the scope of the study and the need for a workable and operational definition of the sector. We also raise and evaluate the broad options for how a study of the nonprofit sector might be carried out, and then we briefly discuss some data-collection issues. This discussion is put forward in the spirit of providing background information that might be helpful to the sector in making decisions about whether and how a sector study might be carried out.

### **Scope of a Sector study: The Need for Operational Definitions**

Defining the scope of the study would be a critical initial step. This would involve a number of decisions. For example, what should the boundaries be? In other words, what would be the defining characteristics of what would be included? And, how would the sector be internally organized and classified? Would it be viewed as a homogeneous sector or as an aggregation of separable sub-sectors?

### *Boundaries*

The first task of operationalizing our definition of the nonprofit sector is to draw boundaries around it and determine what, for the purposes of a HR sector study should be included, and what should not. Our recommendations have been detailed in the first section of our report.

We begin by arguing, as our stakeholder informants have, that a HR sector study on the nonprofit sector should be targeted in such a way that it can provide tangible outcomes. An operational definition of the nonprofit sector that would include informal, nonprofit, and civic organizations is so broad and amorphous that enormous energies will be dissipated on attempting to define and involve sector stakeholders. We recommend that the sector be operationally defined to consist of formal organizations that have as a goal nonprofit maximization and/or collective profit (thereby including mutuals and cooperatives). We suggest use of the term “nonprofit” organizations because it connotes formal organizations operating without the pursuit of profit as a *raison d’être*. Whatever definition is selected should have applicability for different regions of the country, including Quebec’s *l’économie sociale*.

Although we are able to construct an adequate operational definition of the sector, the question remains as to whether a voluntary or nonprofit HR sector study is feasible and desirable. As we have seen, nonprofit stakeholders have expressed reservations about a study with as broad a scope as the entire nonprofit sector. They are implicitly asking the question that we have raised at the beginning of this report: Is there really a sector behind the various labels and definitions that we employ to describe the sector? The call by stakeholders for an HR sector study that examines “subsectors” alerts us to the possibility that the nonprofit or voluntary sector may be more of an heuristic device than it is a collection of organizations with identifiable common interests or sense of community.

Organizations need to work collectively in an HR sector study and come to consensus on the outcomes that they want to achieve. This would seem to require that the organizations involved have some sense of community or have sufficient commonalities that a sense of collective interest can be developed. Is there really a nonprofit sector in terms of self-identified communities with a shared identity? We suggest that there probably is not but that there are subsets of organizations (subsectors) that do have the potential to act collectively.

The diversity of nonprofit sector organizations would seem to operate as a natural barrier to collective and concerted action. However, some parts of the sector are demonstrating a nascent ability to work together on issues that are of common concern.

The Nonprofit Sector Roundtable provides an example of how a diverse number of national nonprofit organizations can work together on shared concerns. The Roundtable is an unincorporated group of national coalitions and organizations active in the nonprofit sector. Membership includes: Canadian Centre for Philanthropy, Canadian Conference of the Arts, Canadian Council for International Co-operation, Canadian Council on Social Development, Canadian Environmental Network, Canadian Parks/Recreation Association, Community Foundations of Canada, National Nonprofit Health Agencies, National Nonprofit Organizations, United Way of Canada-Centraide Canada, Volunteer Canada, and a representative of the faith community.

Established in 1995, the VSR is intended to work in a structured way for only three years. Its primary goal is to enhance the relationship between the nonprofit sector and the federal government in ways that will be long-lasting and sustainable. It has been working towards a number of objectives including advancing new definitions for charitable activity, increasing charitable giving via enhanced tax incentives and developing self-regulatory practices within the sector to enhance its accountability and credibility. A number of factors contributed to the formation of the roundtable but perhaps the most important was the provision of financial support to the VSR and its members by the McConnell Foundation to enable their participation. In this instance, the sector has demonstrated that with the contribution of an appropriate catalyst it can find common ground and work towards achieving common goals.

### **Internal Classification: Possible Approaches**

As we have noted, most of the nonprofit sector representatives that we interviewed regarding the feasibility of a sector study expressed reservations about conducting a study of the entire nonprofit sector and identified the need for a clear definition of what the terms “nonprofit” or “voluntary” meant. From their perspective, a “nonprofit sector” study would examine organizations that were too diverse to be of any practical benefit. Over 70 percent of the stakeholders we interviewed thought it would be a good idea to examine subsectors within a nonprofit sector study.

However, at the same time, some suggested that it would be important to look at pieces that make the whole, and that a sector study could be approached in a variety of ways. For example, there may be general skill sets that are similar across subsectors (e.g., fundraising, or volunteer management) but each subsector may also have specific human resource issues or needs. One respondent cited nonprofit health services such as home care as an example. In this case, the division of responsibilities within home care could be examined and then brought together with results from the same subsector (i.e., health care services) and later combined with other parts of the nonprofit sector.

A HR sector study can provide both the framework and the resources that nonprofit sector organizations need in order to begin working collectively on HR issues. But, it may have to begin by operating as a catalyst for collective action on HR issues by identifying areas of collective interest and fostering collective action.

There are three general models that appear to be useful for considering how to proceed with a Sector study. These vary primarily in their scope. We have already recommended that an HR sector study operationally define the sector to consist of nonprofit organizations thus restricting the scope to formal organizations in the nonprofit sector. Within these boundaries, however, decisions need to be made about how to internally organize the sector for a study.

The three models are:

- (1) A comprehensive sector study for the entire nonprofit sector.
- (2) A targeted sector study that restricts the focus of a Sector study to a broad subset of the nonprofit sector.
- (3) A series of sub-sector studies where the focus is restricted to an individual subsector and sector studies are conducted incrementally over time sub-sector by sub-sector.

### **(1) A Comprehensive Sector study**

A comprehensive sector study would attempt to cover the entire nonprofit sector. A principal advantage of this approach is its comprehensiveness and its potential to identify HR issues that have broad relevance to the sector. There may be a number of HR issues that cut across subsectors (e.g., the need for HR management training, the need for information about compensation, revenue development skills, volunteer recruitment and management, board development). If this is the case then a comprehensive approach will prove to be more efficient approach than conducting a series of subsector studies.

A comprehensive sector study would need to be flexible enough to both address HR issues that cut across sectors as well as those that are sub-sector specific if it is to provide practical benefits. This could be achieved by using a “federal” methodology that employs a series of sub-sector studies that operate in parallel with a sector-wide study. Using this approach the HR study would begin with the identification of HR issues of concern to different sub-sectors. Information from the subsectors could then be examined and HR issues that cut across sectors could be identified. Once cross-cutting issues were identified, representatives from the various sub-sectors could begin working together to address these general issues. At the same time, work could begin within sub-sectors on sub-sector specific issues.

There are disadvantages to this approach. First, is the challenge of identifying these common interests and the challenge of persuading non-profits that there are common issues that can be addressed by working together. Do, for example, the more commercial non-profits such as mutuals and cooperatives relate to the same types of HR issues as public benefit non-profits such as places of worship, foodbanks and health centres? Would representatives of these organizations find common ground on which to pursue HR initiatives? As we have pointed, many nonprofit sector stakeholders that we interviewed are sceptical about the value of a comprehensive sector study and such skepticism will need to be addressed.

A second difficulty with a comprehensive approach is the lack of information to guide development of the process. At present, there is virtually no information about the structure of the nonprofit sector or information about the size and degree of institutionalization of nonprofit organizations. As we noted earlier, it will be important to take into account the different needs that organizations of varying size and degree of institutionalization have. We have enough information about registered charities (a component of the nonprofit sector) to know that there are tremendous disparities in the size and degree of institutionalization of these nonprofits. We can anticipate that such differences will be reflected in the HR needs of these organizations. Some of the larger charities such as hospitals and universities have well developed HR structures and professionalized staff. Smaller one or two person organizations may not have the capacity to attend to HR issues even though they could benefit from assistance in this area.

There is some information about registered charities that can be used to inform decisions with this group of nonprofits. However, little is known about nonprofits that are not charities. We do not know how many there are, where they are located, or what their staff sizes are let alone what their concerns regarding HR issues are. The absence of information about the sector will constrain the ability to design an HR sector study. However, as key informants who have been involved in earlier sector studies have pointed out, it is not unusual to initiate a sector study where the universe and the composition of the sector are not well defined. HRDC may want to consider a preliminary study that maps out the size and scope of the sector in order to inform decisions about the design of a nonprofit sector study.

It should also be pointed that a comprehensive sector study poses a variety of logistical challenges, particularly if sub-sector studies are conducted in tandem with a large sector-wide study. Not only are there substantial organizational challenges, but the demands on nonprofit sector involvement may deter the participation of individual organizations.

## **(2) A Targeted HR Sector Study**

This model would target specific types of nonprofit organizations for involvement in a HR sector study. A number of criteria could be employed to decide which nonprofits to include. One could exclude those nonprofits that belong to sub-sectors for which Sector Studies have already been conducted such as the culture sub-sector or community colleges. Alternatively, a sector study could focus on those organizations with the greatest need for HR interventions. For example, the larger 'quasi-public' organizations such as hospitals and university are likely to have less need for a HR sector study than do smaller social service nonprofits or community recreation organizations. A third criterion would be to focus on those types of nonprofits that have the greatest potential for collective action and the greatest commonalities in terms of HR issues (e.g., the charitable sector, cooperatives and mutuals, commercial nonprofits). A classification system such as the one we have proposed earlier would provide a useful starting point for considering how to target the sector study.

This approach would still require that attention be paid to identifying and promoting a sense of collective identity and purpose among the nonprofit organizations that are being targeted but we suggest that the challenge is less daunting. The targeted model has the benefits of being more bounded, more focussed and consequently has greater potential to deliver the practical benefits that stakeholders told us they are looking for from a sector study.

A targeted approach may still benefit from a study methodology that employs a series of sub-sector studies that operate in tandem with a larger “macro-sector” study. The extent to which this approach is required will depend upon the extent to which there are common HR issues that span the various subsectors.

A targeted approach also requires that some preliminary data gathering be conducted to inform decisions about which nonprofits to target. At present, our suggestions are based mostly on suppositions about the HR needs of different types of organizations and our ability to adequately classify nonprofits in order to guide decisions about targeting is limited.

### **(3) A Series of Sub-sector Studies**

As we have noted, sector studies have already been conducted within some sub-sectors of the nonprofit sector (e.g., Culture, Child Care, and Community Colleges). Individual sub-sector studies should be able to capitalize on an existing sense of community within these - sector stakeholders, and on the shared views about the issues that need to be addressed. From the point of view of nonprofit sector stakeholders, such studies are likely to be seen as more credible. A series of individual sub-sectors could also provide information that cuts across sectors. For example, the steps taken by a particular sub-sector to address a specific HR issue may provide guidance for action on similar HR issues in other sectors.

From a logistical point of view, this approach appears most manageable and the least taxing in terms of involvement from nonprofit sector organizations. There are identifiable sub-sectors about which there is sufficient information to begin a Sector study without the need to engage in considerable preliminary information gathering. There is, for example, already a great deal of information about charities. There is a complete census of all charities and descriptive information about them is available from Revenue Canada. One could readily identify and target a charitable sub-sector such as Social Service charities for the purposes a sub-sector study.

There are, however, some disadvantages to this approach. While being the most manageable option, it is the least ambitious. The largest disadvantage is that it will fail to promote concerted sector wide action on crosscutting HR issues. In addition, unless the sub-sector studies are conducted simultaneously some sectors will have to wait to receive assistance on their HR issues. Criteria will have to be developed for decisions regarding when a sector study is to be conducted within specific sub-sectors. Finally, separate sub-sector studies will, to some unknown degree, duplicate efforts.

## **Regional Issues**

Decisions about the appropriate methodology may need to take into account potential regional variations in the nonprofit sector. We have some sense that nonprofits in different parts of the country are subject to different demands and differ in terms of the resources they have available to them. They may therefore have different HR needs. Our information on this as on most aspects of the nonprofit sector is, underdeveloped. As a result, it is difficult to come to any conclusion about the importance of addressing regional variations within the nonprofit sector or within nonprofit subsectors.

*The Need for Information to Guide Decisions about Sector study Methodology.*

It is extremely difficult to determine, a priori, which of the above methodologies will be most useful for a sector study because we lack the basic information upon which to base such decisions. As we have pointed out, a key ingredient for success in a sector study is likely to be the perceived commonality of interests among the organizations involved. However, at present, we are unable to estimate how many nonprofits there are let alone apply any classification system that would allow us to assess potential commonalities and assign organizations to specific subsectors.

A sector study would benefit from preliminary research that would allow more informed decisions about the Study's methodology. It would be useful, for example, to have even basic information about how many nonprofits there are, what they do, and where they are located. Additional information about employment and the HR issues that organizations are facing would further serve to sharpen decision making about appropriate methodologies. There are precedents for the sorts of preliminary work that we are suggesting might be useful here.

The challenges that a HR sector study must face are complex and the lack of formal knowledge on the nonprofit sector serves as an impediment to further action. As we have pointed out, one of the important constraints on our ability to choose an optimal methodology is our lack of understanding of the extent to which there are common HR issues in the sector and the collective will to address them. We have obtained a preliminary assessment of the views of nonprofit sector stakeholders in this regard. However, because of the complexity of the problem, it may be useful to engage the nonprofit sector in a forum that provides an opportunity to explore these issues in-depth. HRDC may find it valuable therefore to sponsor a one or two day roundtable of nonprofit sector stakeholders for this purpose. The roundtable may also provide a means for HRDC to manage expectations about the possible outcomes of an HRDC Sector study.

## **Information Collection Based on Collaborative Approaches**

A message that has emerged clearly from the discussions we have had with stakeholders in the sector is that, if a sector study were to be undertaken, its focus should be not on quantitative exercises that would merely provide measurements of the size of the sector imposed from external sources, but rather on more *collaborative approaches* that would work toward a number of important goals. This conclusion is derived from several points made earlier in this report, namely

that, by bringing together a wide variety of stakeholders in the sector:

- progress can be made toward identifying and fostering a “community of interests” that link organizations with different goals and structures;
- the role of the sector in the economy -- and its profile -- can be legitimized;
- a forum can be developed in which strategies to address common pressures arising from increasing responsibilities as a result of government downloading can be examined; and
- a sense of partnership and cooperation that can assist organizations as they work to address new challenges can be developed.

Many of the stakeholders agreed that there is a need to consolidate existing information to provide a useful starting point, with the driving force consisting of a need to foster communication within the sector.

Taking as the starting point the need to build on collaborative approaches, then, a useful way to begin the process of identifying common issues is 1) to organize a series of focus groups that would bring together a wide variety of nonprofit sector organizations and 2) to undertake a number of case studies, again reflecting the diversity of the sector, to gain needed insights into how the organizations function and the challenges they face. The ultimate goal of both the focus groups and the case studies would be to identify common challenges and pressures arising from the rapidly changing external environment affecting nonprofit sector organizations and the resulting human resource needs.

Both the review of the literature and the interviews with stakeholders in the sector and other experts identified a core set of human resource issues that these qualitative approaches should address:

- workforce demographics – especially age and gender;
- educational attainment;
- compensation and benefits;
- types of work performed by people in different organizations;
- range of skill sets in different positions – skill requirements and how these may be changing; nature and range of different skills;
- training – needs and opportunities; best practices, professional standards;
- working conditions;
- recruitment and hiring;
- human resource management issues, including evaluation, morale, diversity; and
- management skills – leadership, teamwork, organizational effectiveness; communications, marketing, fundraising, advocacy.

Surrounding each of these sets of human resource issues is a common set of issues that sets the

nonprofit sector apart from other sectors in the economy – that is, the special case of integrating paid and unpaid (volunteers) workers; the growing pressure on the sector to take on tasks and responsibilities formerly performed by governments; and the imperative for organizations in this sector to seek out sources of financial support that fall outside of traditional market-based methods.

There is one other, more outwardly-focussed goal that could usefully be addressed and that is to identify what kind of role the sector can play in terms of job creation, both for workers displaced from other sectors and for young people seeking to gain labour market experience.

In designing a qualitative/collaborative approach to information collection and sharing in this sector, a number of issues and concerns will need to be addressed. These include:

- a need to recognize and build upon the diversity of the sector. That means that focus groups and case studies should incorporate a wide range of groups with different goals, with different organizational structures, and of different sizes ranging from very small, independent organizations to large organizations that are themselves part of larger groups or associations;
- a need to include both registered charitable organizations and other nonprofits (though the balance of opinion among stakeholders appears to be that organizations able to rely on ongoing public funding (parapublic institutions) such as educational institutions and hospitals should be excluded);
- a need to recognize the regional diversity of the sector, including its urban and rural character, drawing in groups from across the country with divergent approaches and lessons to be learned; a need to draw on a range of perspectives by including front-line workers and management;  
and
- a need to recognize constraints on participation relating to time, costs, availability of knowledgeable personnel, with each of these being even more relevant to the large number of very small organizations distributed across the country.

Perhaps most important is the issue of getting “buy-in” from nonprofit sector organizations. This is where having a “practical” focus will be most important. In fact, a great deal of leverage could be gained in this respect from having a clear focus on human resource issues since it is with respect to HR issues that awareness needs to grow in the sector, common cross-cutting issues exist, and outcomes can be practical.

The structure of both the focus groups and the case studies should therefore incorporate the following elements:

- a mix of small, medium and large organizations;
- a mix of independents and of umbrella groups;
- a mix of registered charities and other non-profit organizations; and
- organizations drawn from urban and rural areas in all provinces.

A useful approach would be to assist the sector in organizing a series of focus groups, workshops, roundtables and case studies in large and small centres across the country, with a view to maximizing the opportunities for a variety of groups to engage in a process of self-study and network building.

### **A Quantitative Option**

While a necessary first step for the nonprofit sector is to engage in a process of self-definition and identification of opportunities for collaboration, there is also the sense among many of the stakeholders we consulted that there is a need for much better information on the size and composition of organizations that make up the sector. Addressing this issue in the context of a sector study may well be inappropriate, however, given the “external” nature of a large data-collection exercise. That being said, it may be useful to think about how a quantitative overview of the sector might be undertaken, presumably outside the sector study. While our expectation is that a sector study would be collaborative and qualitative, we thought it might be useful to very briefly identify some issues associated with a quantitative analysis.

If such a complementary quantitative exercise were to be undertaken, it seems clear that primary data collection would be required. This conclusion is based on the very limited and patchy empirical data that currently exists which, in our view, precludes the possibility of doing a comprehensive study based on secondary data analysis. This original survey work would be necessary. In considering this, two key sets of issues would need to be considered. The first is that there is no satisfactory sampling frame from which a representative sample could be drawn. Second, even if the bounds of the sector could be drawn, issues around response burden loom large. There is a very large number of small organizations, many of them informal; many organizations in the sector do not have detailed, up-to-date records; and many do not have full-time paid staff with a solid overview of the range of budgetary, human resource, and regulatory issues that a survey might want to address.

On the first issue – lack of a sampling frame – we have two approaches to offer. The first consists of drawing on a variety of existing sources for lists of organizations. (These are discussed in more detail in Section IV of this report). These lists consist of :

- the Registered Charity Information Return (Revenue Canada form T3010);
- the Income Tax Information Return for Non-Profit Organizations (Revenue Canada form T1044); and
- information held by provincial and federal business registry offices.

Another potential source is the possibility that Statistics Canada may work to link the SEPH database (Survey of Employment, Payroll and Hours) to non-profit organizations in the Business Registry. By linking these two information sources, data could become available on wages and hours of work for non-profit organizations that either pay GST or file one of the two income tax returns identified above.

The second approach is more open-ended, starting with the observation that in fact little is known about the parameters of the sector. It is based on a “snow-ball” technique that would build a sample of the nonprofit sector iteratively, starting by asking known nonprofit sector organizations about their links with other organizations in the sector, and then engaging in successful rounds of sample building as new organizations are contacted and queried in turn about their contacts in the sector. The details about how this approach would work are presented in Appendix 6. Given the open-ended nature of this approach and the lack of strict pre-determined bounds on its scope, a feasibility study would be appropriate to help determine its resource requirements.



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## **Tables and Figures**

**Table 1. The Johns-Hopkins 5-point Definition of Nonprofit Organizations (suggested amendments for the Canadian case in italics)**

<p style="text-align: center;"><b>Formal</b></p>	<p>Institutionalized to some extent. What is important is that the organization have some institutional reality to it. In some countries this is signified by a formal charter of incorporation. But institutional reality can also be demonstrated in other ways where legal incorporation is not readily available, by having regular meetings, officers or rules of procedure, or some degree of organizational permanence. Purely ad hoc, informal and temporary gatherings of people are not considered part of the nonprofit sector under this definition, even though they may be quite important in peoples' lives. Otherwise, the concept of the nonprofit sector becomes far too amorphous and ephemeral to grasp and examine.</p>
<p style="text-align: center;"><b>Non-governmental</b></p>	<p>Institutionally separate from government. Nonprofit organizations are neither part of the governmental apparatus nor governed by boards dominated by government officials. This does not mean that they may not receive significant government support or that government officials cannot sit on their boards. The key here is that nonprofit organizations are <i>not primarily accountable to government</i>.</p>
<p style="text-align: center;"><b>Nonprofit</b></p>	<p>Not returning profits generated to their owners or <i>private shareholders</i>. Nonprofit organizations may accumulate profits in a given year, but the profits must be plowed back into the basic mission of the agency or <i>collectively appropriated for other social benefits, such as to improve the working or other social conditions of all staff or members</i>. ....Nonprofit organizations do not exist primarily to generate profits. This differentiates nonprofit organizations from... private business.</p>
<p style="text-align: center;"><b>Self-governing</b></p>	<p>Equipped to control their own activities. Nonprofit organizations have their own internal procedures for governance and are not controlled by outside entities.</p>
<p style="text-align: center;"><b>Voluntary</b></p>	<p>Involving some meaningful degree of voluntary participation, either in the actual conduct of the agency's activities or in the management of its affairs. This does not mean that all or most of the income of an organization must come from voluntary contributions, or that most of its staff must be volunteers. The presence of some voluntary input, even if only a voluntary board of directors, suffices to qualify an organization as in some sense "voluntary".</p>

Source: Salamon and Anheier, 1992.



**Figure 1: The Complete ICNPO Classification System**



# The International Classification of Nonprofit Organizations (ICNPO)

## GROUP 1: CULTURE AND RECREATION

### 1 100 Culture and arts

- media and communications
- visual arts, architecture, ceramic arts
- performing arts
- historical, literary and humanistic societies
- museums
- zoos and aquariums
- multipurpose culture and arts organizations
- support and service organizations, auxiliaries, councils, standard setting and governance organizations
- culture and arts organizations not elsewhere classified

### 1 200 Recreation

- sports clubs
- recreation/pleasure or social clubs
- multipurpose recreational organizations
- support and service organizations, auxiliaries, councils, standard setting and governance organizations
- recreational organizations not elsewhere classified

### 1 300 Service clubs

- service clubs
- multipurpose service clubs
- support and service organizations, auxiliaries, councils, standard setting and governance organizations
- service clubs not elsewhere classified

## GROUP 2: EDUCATION AND RESEARCH

### 2 100 Primary and secondary education

- elementary, primary & secondary education
- support and services organizations,

### 2 200 Higher education

- higher education (university level)

### 2 300 Other education

- vocational/technical schools
- adult/continuing education
- multipurpose educational organizations
- support and services organizations, auxiliaries, councils, standard setting and governance organizations
- education organizations not elsewhere classified

### 2 400 Research

- medical research
- science and technology
- social sciences, policy studies
- multipurpose research organizations
- support and service organizations, auxiliaries, councils, standard setting and governance organizations
- research organizations not elsewhere classified

## GROUP 3: HEALTH

### 3 100 Hospitals and rehabilitation

- hospitals
- rehabilitation hospitals

### 3 200 Nursing homes

- nursing homes

### 3 300 Mental health and crisis intervention

- psychiatric hospitals
- mental health treatment
- crisis intervention
- multipurpose mental health organization
- support and service organizations, auxiliaries, councils, standard setting

- auxiliaries, councils, standard setting and governance organizations
- mental health organizations not elsewhere classified

### 3 400 Other health services

- public health and wellness education
- health treatment, primarily outpatient
- rehabilitative medical services
- emergency medical services
- multipurpose health service organizations
- support and service organizations, auxiliaries, councils, standard setting and governance organizations
- health service organizations not elsewhere classified

## GROUP 4: SOCIAL SERVICES

### 4 100 Social services

- child welfare, child services, day care
- youth services and youth welfare
- family services
- services for handicapped
- services for the elderly
- self-help and other personal social services
- multipurpose social services organizations
- support and service organizations, auxiliaries, councils, standard setting and governance organizations
- social service organizations not elsewhere classified

### 4 200 Emergency and refugees

- disaster/emergency prevention, relief and control
- temporary shelters
- refugee assistance
- multipurpose emergency and refugee and governance organizations

- assistance organizations
- support and service organizations, auxiliaries, councils, standard setting and governance organizations
- emergency and refugee assistance organizations not elsewhere classified

### 4 300 Income support and maintenance

- income support and maintenance
- material assistance
- multipurpose income support and maintenance organizations
- support and service organizations, auxiliaries, councils, standard setting and governance organizations
- income support and maintenance organizations not elsewhere classified

## GROUP 5: ENVIRONMENT

### 5 100 Environment

- pollution abatement and control
- natural resources conservation and protection
- environmental beautification and open spaces
- multipurpose environmental organizations
- support and service organizations, auxiliaries, councils, standard setting and governance organizations
- environmental organizations not elsewhere classified

### 5 200 Animals

- animal protection and welfare
- wildlife preservation and protection
- veterinary services
- multipurpose animal services organization
- animal-related organizations not

elsewhere classified

## **GROUP 6: DEVELOPMENT AND HOUSING**

### *6 100 Economic, social and community development*

- community and neighborhood organizations
- economic development
- social development
- multipurpose economic, social and community development organizations
- support and service organizations, auxiliaries, councils, standard setting and governance organizations
- economic, social and community development organizations not elsewhere classified

### *6 200 Housing*

- housing association
- housing assistance
- multipurpose housing organizations
- support and service organizations, auxiliaries, councils, standard setting and governance organizations
- housing organizations not elsewhere classified

### *6 300 Employment and training*

- job training programs
- vocational counseling and guidance
- vocational rehabilitation and sheltered workshops
- multipurpose employment and training organizations
- support and services organizations, auxiliaries, councils, standard setting and governance organizations
- employment and training organizations not elsewhere classified

## **GROUP 7: LAW, ADVOCACY AND**

## **POLITICS**

### *7 100 Civic and advocacy organizations*

- civic associations
- advocacy organizations
- civil rights associations
- ethnic associations
- multipurpose civil and advocacy organizations
- support and service organizations, auxiliaries, councils standard setting and governance organization
- civic and advocacy organizations not elsewhere classified

### *7 200 Law and legal services*

- legal services
- crime prevention and public safety
- rehabilitation of offenders
- victim support
- consumer protection associations
- multipurpose law and legal service organizations
- support and service organizations, auxiliaries, councils, standard setting and governance organizations
- law and legal organizations not elsewhere classified

### *7 300 Political organizations*

- political parties
- political action committees
- multipurpose political organizations
- support and service organizations, auxiliaries, councils, standard setting and governance organizations
- political organizations not elsewhere classified

## **GROUP 8: PHILANTHROPIC INTERMEDIARIES & VOLUNTARISM PROMOTION**

### *8 100 Philanthropic intermediaries*

- grantmaking foundations
- voluntarism promotion and support

- fund-raising intermediaries
- multipurpose philanthropic intermediaries and voluntarism organizations
- support and service organizations, auxiliaries, councils, standard setting and governance organizations
- philanthropic intermediary organizations not elsewhere classified

## **GROUP 9: INTERNATIONAL ACTIVITIES**

### *9 100 International activities*

- exchange/friendship/cultural programs
- development assistance associations
- international disaster and relief organizations
- international human rights and peace organizations
- multipurpose international organizations
- support and service organizations, auxiliaries, councils, standard setting and governance organizations
- international organizations not elsewhere classified

## **GROUP 10: RELIGION**

### *10 100 Religious congregations and associations*

- Protestant churches
- Catholic churches
- Jewish synagogues
- Hindu temples
- Shinto shrines
- Arab mosques
- multipurpose religious organizations
- associations of congregations
- support and service organizations, auxiliaries, councils, standard setting and governance organizations
- religious organizations not elsewhere

classified

## **GROUP 11: BUSINESS AND PROFESSIONAL ASSOCIATIONS, UNIONS**

### *11 100 Business and professional associations, unions*

- business associations
- professional associations
- labor unions
- multipurpose business, professional associations and unions
- support and service organizations, auxiliaries, councils, standard setting and governance organizations
- business, professional associations and unions organizations not elsewhere classified

## **GROUP 12: (NOT ELSEWHERE CLASSIFIED)**

### *12 100 N.E.C.*

**Table 2. A Taxonomy by Type of Organization and Type of Action**

<b>TYPE OF Organization</b>		
<b>Public Service Organizations</b>		<b>Mutual Interest Associations</b>
<b>TYPE OF ACTION</b>		
<b>Oriented towards economic self-sufficiency and self-interest, or market-like activities</b>	e.g. <ul style="list-style-type: none"> <li>• Performing arts groups</li> <li>• Blue Cross</li> </ul>	e.g. <ul style="list-style-type: none"> <li>• Business associations</li> <li>• Consumer organizations</li> </ul>
<b>Oriented towards social regulation and rights, or statutory activities</b>	e.g. <ul style="list-style-type: none"> <li>• Heritage associations</li> <li>• Hospitals</li> </ul>	e.g. <ul style="list-style-type: none"> <li>• Environment advocacy groups</li> <li>• Political parties</li> </ul>
<b>Oriented towards community and social ties, or value-rational activities</b>	e.g. <ul style="list-style-type: none"> <li>• Food banks</li> <li>• Youth programs</li> </ul>	e.g. <ul style="list-style-type: none"> <li>• Ethno-cultural organizations</li> <li>• Self-help groups</li> </ul>

**Table 3: Types of Charities and Distribution of Revenue<sup>1</sup>**

Type of Charity	Number	% Charities	Total Revenue \$millions	% Revenue
Arts and Culture	3187	4.5	1996	2.2
Community Benefit (e.g., humane societies, John Howard Society, Meals on Wheels)	5238	7.3	2486	2.7
Education (e.g., organizations supporting schools and education)	4158	5.8	3537	3.9
Health (e.g., organizations supporting medical research, public health)	3180	4.5	6412	7.1
Hospitals	978	1.4	27458	30.4
Libraries and Museums	1615	2.3	1291	1.4
Places of Worship (e.g., churches, synagogues, mosques, etc.)	25458	35.6	5325	5.9
Private Foundations (e.g., organizations disbursing private funds)	3356	4.7	1486	1.6
Public Foundations (e.g., United Way, Centraide, hospital foundations)	3466	4.9	4658	5.1
Recreation	2753	4.5	656	0.7
Religion (e.g., convents, monasteries, missionary organizations)	3978	7.3	2793	3.1
Social Services (e.g., child, youth, family and disabled welfare and services, relief, etc.)	10317	14.4	8805	9.7
Teaching institutions (universities and colleges)	2642	4.5	23457	25.9
Other (e.g., service clubs, employee charitable trusts)	1087	1.4	107	0.1
<b>TOTAL</b>	<b>71413</b>	<b>100.0</b>	<b>90468</b>	<b>100.0</b>
<b>TOTAL excluding hospitals and teaching institutions</b>		—		—

Source: Canadian Centre for Philanthropy - A Provincial Portrait of Canada's Charities

1. The numbers in this table are different from those presented in the text because it is drawn from a study based on 1994 data, while the total number of charities presented in the text is from February 1998.

**Table 4. Distribution of Charities and Charity Revenues**

	Number of Charities	Charity Revenues (\$)		Charities per 1,000 Population	Revenues per 1,000 Population (\$)
Newfoundland	1,029	1,470,881,781	578,533	1.8	2,542
PEI	519	289,977,208	135,209	3.8	2,145
Nova Scotia	3,504	2,435,570,574	935,766	3.7	2,603
New Brunswick	2,475	2,304,527,643	758,969	3.3	3,036
Quebec	13,475	19,340,913,542	7,314,961	1.8	2,644
Ontario	24,890	38,796,532,349	11,004,904	2.3	3,525
Manitoba	4,114	3,380,971,167	1,131,824	3.6	2,987
Saskatchewan	4,499	3,322,817,849	1,014,048	4.4	3,277
Alberta	7,602	6,529,274,428	2,731,611	2.9	2,390
British	9,023	12,340,684,441	3,721,274	2.4	3,316
Yukon	127	179,838,858	29,854	4.3	6,024
NWT	157	76,505,846	65,407	2.4	1,170
Canada	71,414	90,468,495,686	29,422,360	2.4	3075

Note: Population estimates are the Quarterly Population Estimates as of January 1, 1995 (Statistics Canada), Number of Charities were provided by Revenue Canada and are as of December 1994, Revenues of Charities are Canadian Centre for Philanthropy estimates for year ending 1994.

Source: Canadian Centre For Philanthropy – A Provincial Portrait of Canada’s Charities

Table 5

<b>Table X. Staff Complements Within Each Charity Type</b>								
<i>Charity Type</i>	Charities		Full-time Employees		Part-time Employees		All Employees	
	Number	Number	Percent	Number	Percent	Number	Percent	
Places of Worship	25,177	35,000	4.0	21,000	4.7	56,000	4.2	
Hospitals	1,071	346,000	39.4	122,000	27.5	468,000	35.4	
Teaching Institutions	2,516	179,000	20.4	99,000	22.3	278,000	21.0	
Welfare	10,157	105,000	12.0	60,000	13.5	165,000	12.5	
Health	4,910	63,000	7.2	39,000	8.8	102,000	7.7	
Education	6,365	44,000	5	45,000	10.1	89,000	6.7	
Religion	3,729	25,000	2.8	13,000	2.9	38,000	2.9	
Benefits to the Community	8,602	44,000	5	27,000	6.1	71,000	5.4	
Other	522	300		100	0	400	0	
Public Foundations	3,148	32,000	3.6	16,000	3.6	48,000	3.6	
Private Foundations	3,033	4,000	.5	2,000	.5	6,000	.5	
<b>All Charities</b>	69,230	877,300	100\	444,100	100	1,321,400	100	

Source: Canadian Centre for Philanthropy - *A Portrait of Canada's Charities* (1994)

Table 6 Incidence of paid staff, 1995

	Overall	Charities	Co-ops	Envi'ment	Unions
Paid staff (%)	83	85	91	56	76
n =	703	376	201	50	76

Source: Human Resource Development Canada and Canadian Centre for Policy Alternatives, Browne and Landry, 1996.

Table 7 Percentage of organizations reporting a change in the number of paid staff over the last 12 months

	(%) <b>Decrease</b>	<b>Increase</b>	<b>Remained same - not applicable</b>
All Organizations	12	22	66
All Charities	13	23	65
Welfare	17	28	55
Health	21	29	50
Education	17	25	58
Religion	7	19	75
Benefits to the Community	12	16	72
Other	0	100	0
Cooperatives	8	20	72
Environmental Groups	26	34	40
Trade Unions	12	19	69

Source: Human Resource Development Canada and Canadian Centre for Policy Alternatives, Browne and Landry, 1996.

Table 8 Distribution of total paid staff by category of organization, 1995

No. of staff (%)	Overall	Charities						Co-ops	Env'ment	Unions
		Total	Welfare	Health	Education	Religion	Benefits			
none	17	15	13	25	15	12	14	10	46	25
35826	25	25	19	17	15	33	32	29	11	21
35917	23	27	23	12	17	39	30	19	18	18
36073	14	12	17	3	14	12	11	17	14	14
11+	21	20	29	44	39	3	13	25	10	21
n =	691	371	85	41	53	130	58	199	48	73

Source: Human Resource Development Canada and Canadian Centre for Policy Alternatives, Browne and Landry, 1996.

Table 9 Distribution of charities according to size of staff

Charity Type	Number of Employees (%)								Total
	None	1	35855	35918	36073	36118	21-50	51+	
Places of Worship	34.8	30.4	13.6	12.5	4.2	1.7	1.9	0.8	100
Hospitals	17.9	2.6	2.6	2.6	0	5.1	23.1	46.2	100
Teaching Institutions	26.4	10.4	4.9	5.6	17.4	9	11.1	15.3	100
Other Charitable Organizations	43.8	10.8	6.8	9.2	10.2	7.1	6.4	5.7	100
Public Foundations	57.1	11.5	8.2	4.4	7.7	2.7	4.9	3.3	100
Private Foundations	76	11.5	2.1	5.2	2.1	1	0	2.1	100
All charities	41.5	17.8	9	9.8	7.6	4.7	4.8	4.6	100

Source: Sharpe, 1994.

Table 10 Adequacy of the number of paid staff to do the work, as rated by survey respondents

	(%) Poor	Average	Good
Charities	27	34	38
Co-operatives	12	35	53
Trade Unions	14	29	57

Source: Human Resource Development Canada and Canadian Centre for Policy Alternatives, Browne and Landry, 1996.

Table 11 Average percentage of male and female full and part-time employees, 1995

	Overall		Charities		Co-ops		Env'ment		Unions	
	FT	PT	FT	PT	FT	PT	FT	PT	FT	PT
Women (%)	54.1	65.6	53.8	70.8	53.5	60.3	55.8	55.7	56.3	53.3
Men (%)	45.9	34.4	46.2	29.2	46.5	39.7	44.2	44.3	43.7	46.7

Source: Human Resource Development Canada and Canadian Centre for Policy Alternatives, Browne and Landry, 1996.

Table 12 Distribution of full-time staff by average yearly salary, occupational category and category of organization (percent), 1995

	<b>Overall</b>	<b>Charities</b>	<b>Co-ops</b>	<b>Env'ment</b>	<b>Unions</b>
Panel A, Top Management (%)	n = 314	n = 176	n = 86	n = 15	n = 37
n =					
Under \$10,000	2	3	0	6	0
\$10,000 - \$19,999	6	6	8	13	0
\$20,000 - \$29,999	22	23	30	21	0
\$30,000 - \$39,999	24	24	29	27	6
\$40,000 - \$49,999	19	20	21	14	8
Over \$50,000	27	23	12	19	86

  

	<b>Overall</b>	<b>Charities</b>	<b>Co-ops</b>	<b>Env'ment</b>	<b>Unions</b>
Panel B, Other Management	n = 246	n = 134	n = 81	n = 9	n = 22
Under \$10,000	7	9	5	0	4
\$10,000 - \$19,999	15	18	14	22	0
\$20,000 - \$29,999	30	29	38	46	4
\$30,000 - \$39,999	29	27	32	22	32
\$40,000 - \$49,999	13	13	9	10	33
Over \$50,000	6	4	2	0	28

	<b>Overall</b>	<b>Charities</b>	<b>Co-ops</b>	<b>Env'ment</b>	<b>Unions</b>
Panel C, Professional/Non-Management/Service Provider	n = 309	n = 175	n = 94	n = 16	n = 24
Under \$10,000	14	16	11	19	4
\$10,000 - \$19,999	26	28	30	26	0
\$20,000 - \$29,999	29	27	38	30	7
\$30,000 - \$39,999	19	18	18	19	29
\$40,000 - \$49,999	8	8	3	6	21
Over \$50,000	4	2	0	0	38

	<b>Overall</b>	<b>Charities</b>	<b>Co-ops</b>	<b>Env'ment</b>	<b>Unions</b>
Panel D, Clerical/Office/Admin Support	n = 247	n = 143	n = 62	n = 9	n = 33
Under \$10,000	14	14	19	0	3
\$10,000 - \$19,999	26	33	26	11	0
\$20,000 - \$29,999	47	46	49	89	36
\$30,000 - \$39,999	12	7	4	0	52
\$40,000 - \$49,999	1	0	0	0	9
Over \$50,000	0	0	1	0	0

Source: Human Resource Development Canada and Canadian Centre for Policy Alternatives, Browne and Landry, 1996.

Table 13: Proportion of voluntary full-time staff paid above and below the average economy wage, 1995, by occupational category and sub-sector

	Below \$30,000 (%)	Above \$30,000 (%)
<b>Top Management</b>		
All	34	65
Charities	32	67
Co-operatives	38	62
Environmental Groups	40	60
Trade Unions	0	100
<b>Other Management</b>		
All	56	44
Charities	56	44
Co-operatives	57	43
Environmental Groups	68	32
Trade Unions	8	92
<b>Professional/Non-Management/Service Providers</b>		
All	74	26
Charities	71	28
Co-operatives	79	21
Environmental Groups	75	25
Trade Unions	11	88
<b>Clerical/Office/Admin Support</b>		
All	93	7
Charities	93	7
Co-operatives	94	5
Environmental Groups	100	0
Trade Unions	39	61

Table 14 – Average salaries in volunteer organizations in British Columbia 1996

Table 14, Panel A

<b>Org Type</b>	<b>No.</b>	<b>Min. (\$)</b>	<b>Position A - Senior Salaried Executive</b>		
			<b>Mean (\$)</b>	<b>Median (\$)</b>	<b>Max (\$)</b>
<b>All</b>	154	\$12,780	\$46,932	\$42,800	\$190,000
<b>Health and Rehabilitation</b>	43	\$19,000	\$56,095	\$50,000	\$190,000
<b>Individuals and Families</b>	43	\$12,780	\$41,320	\$40,000	\$67,500
<b>Community and Neighbourhood</b>	51	\$18,000	\$44,067	\$40,000	\$99,000
<b>Planning and Information</b>	16	\$20,507	\$46,019	\$47,150	\$83,000

Source: Volunteer Vancouver, 1996.

Table 14, Panel B

<b>Org Type</b>	<b>No.</b>	<b>Min. (\$)</b>	<b>Position B - Salaried Manger(s) (reporting to A)</b>		
			<b>Mean (\$)</b>	<b>Median (\$)</b>	<b>Max (\$)</b>
<b>All</b>	116	\$16,800	\$37,857	\$35,185	\$100,000
<b>Health and Rehabilitation</b>	34	\$25,000	\$44,595	\$39,760	\$100,000
<b>Individuals and Families</b>	32	\$25,000	\$35,471	\$33,000	\$58,000
<b>Community and Neighbourhood</b>	34	\$18,300	\$34,666	\$34,500	\$68,000
<b>Planning and Information</b>	15	\$16,800	\$35,096	\$37,000	\$46,300

Source: Volunteer Vancouver, 1996.

Table 14, Panel C

<b>Position C - Salaried Person reporting to C, responsible for program/service area</b>					
<b>Org Type</b>	<b>No.</b>	<b>Min. (\$)</b>	<b>Mean (\$)</b>	<b>Median (\$)</b>	<b>Max (\$)</b>
<b>All</b>	87	\$15,000	\$32,543	\$32,000	\$60,000
<b>Health and Rehabilitation</b>	29	\$15,000	\$36,317	\$34,161	\$60,000
<b>Individuals and Families</b>	21	\$20,000	\$31,501	\$32,000	\$47,000
<b>Community and Neighbourhood</b>	33	\$16,000	\$30,471	\$29,000	\$46,377
<b>Planning and Information</b>	4	\$16,500	\$27,756	\$29,763	\$35,000

Source: Volunteer Vancouver, 1996.

Table 14, Panel D

<b>Position D – Senior person responsible for administrative operations (i.e. human resources)</b>					
<b>Org Type</b>	<b>No.</b>	<b>Min. (\$)</b>	<b>Mean (\$)</b>	<b>Median (\$)</b>	<b>Max (\$)</b>
<b>All</b>	84	\$14,300	\$31,487	\$30,314	\$60,000
<b>Health and Rehabilitation</b>	25	\$22,000	\$36,113	\$34,800	\$60,000
<b>Individuals and Families</b>	20	\$19,500	\$29,998	\$29,162	\$48,000
<b>Community and Neighbourhood</b>	28	\$14,300	\$29,527	\$27,500	\$53,124
<b>Planning and Information</b>	11	\$15,960	\$28,672	\$30,000	\$36,000

Source: Volunteer Vancouver, 1996.

Table 14, Panel E

<b>Org Type</b>	<b>No.</b>	<b>Position E – Administrative/Clerical Support</b>			
		<b>Min. (\$)</b>	<b>Mean (\$)</b>	<b>Median (\$)</b>	<b>Max (\$)</b>
<b>All</b>	88	\$12,000	\$24,633	\$24,150	\$37,200
<b>Health and Rehabilitation</b>	26	\$15,000	\$27,167	\$25,000	\$37,200
<b>Individuals and Families</b>	27	\$16,500	\$24,383	\$24,000	\$35,360
<b>Community and Neighbourhood</b>	23	\$17,800	\$23,683	\$23,000	\$33,000
<b>Planning and Information</b>	11	\$12,000	\$21,211	\$24,000	\$30,000

Source: Volunteer Vancouver, 1996.

Table 15, Ranking of executive salaries

Table 15, Panel A, Industry Associations

	<b>1<sup>st</sup> Quartile</b>	<b>2<sup>nd</sup> Quartile</b>	<b>3<sup>rd</sup> Quartile</b>	<b>4<sup>th</sup> Quartile</b>
<b>A</b>	< \$65,000	\$65,000 - \$82,000	\$82,000 - \$120,015	> \$120,015
<b>B</b>	<\$47,000	\$47,000 - \$66,900	\$66,900 - \$87, 885	>\$87,885
<b>C</b>	<50,000	\$50,000 - \$63,310	\$63,310 - \$77,750	>\$77,750
<b>D</b>	<37,434	\$ 37,434 - \$41,714	\$41,714 - \$54,350	>\$54,350

Source: Canadian Society of Association Executives, 1997.

Table 15, Panel B, Professional Associations

	<b>1<sup>st</sup> Quartile</b>	<b>2<sup>nd</sup> Quartile</b>	<b>3<sup>rd</sup> Quartile</b>	<b>4<sup>th</sup> Quartile</b>
<b>A</b>	< \$58,920	\$58,920 - \$75,000	\$75,000 - \$95,000	> \$95,000
<b>B</b>	< \$39,000	\$39,000 - \$54,712	\$54,712 - \$68,000	> \$68,000
<b>C</b>	< \$49,400	\$49,400 - \$62,552	\$62,552 - \$79,668	> \$79,668
<b>D</b>	< \$39,227	\$39,227 - \$48,667	\$48,667 - \$57,559	> \$57,559

Source: Canadian Society of Association Executives, 1997.

Table 15, Panel C, Registered Charities

	<b>1<sup>st</sup> 33.3%</b>	<b>2<sup>nd</sup> 33.3%</b>	<b>3<sup>rd</sup> 33.3%</b>
<b>A</b>	< \$64,000	\$64,000 - \$85,000	> \$85,000
<b>B</b>	< \$48,000	\$48,000 - \$62,720	> \$62,720
<b>C</b>	< \$45,000	\$45,500 - \$60,256	> \$60,256
<b>D</b>	< \$39,000	\$39,000 - \$50,000	> \$50,000

Source: Canadian Society of Association Executives, 1997.

Table 15, Panel D, Special/Common Interest Associations

	<b>1<sup>st</sup> Quartile</b>	<b>2<sup>nd</sup> Quartile</b>	<b>3<sup>rd</sup> Quartile</b>	<b>4<sup>th</sup> Quartile</b>
<b>A</b>	< \$51,000	\$51,000 - \$68,141	\$68,141 - \$84,600	> \$84,600
<b>B</b>	< \$37,696	\$37,696 - \$52,270	\$52,270 - \$70,000	> \$70,000
<b>C</b>	< \$45,000	\$45,000 - \$48,533	\$48,533 - \$57,667	> \$57,667
<b>D</b>	< \$34,147	\$34,147 - \$44,950	\$44,950 - \$58,500	> \$58,500

Source: Canadian Society of Association Executives, 1997.

Table 16 results of the CPRN questions on the Ekos *Rethinking Government Survey*

	Private Sector	Public Sector (Government )	Public Institutions	Nonprofit Orgs.
n	1002	301	301	57
Gender				
male	58%	57%	41%	25%
female	42%	43%	59%	75%
Age				
<30	36%	19%	23%	27%
30-44	42%	47%	43%	35%
45-64	21%	32%	33%	30%
65+	1%	1%	0%	10%
Employment Status				
Full-time	74%	81%	73%	64%
Part-time	20%	15%	25%	34%
Seasonal	4%	3%	1%	0%
Term	2%	2%	1%	3%
Household Income				
<20k	9%	8%	6%	11%
20k-39k	22%	14%	13%	29%
40k-59k	19%	22%	46%	24%
60+k	33%	42%	30%	18%
Level of Education				
gr. 1-8	1%	1%	0%	4%
some high school	10%	7%	6%	4%
high school grad	26%	24%	13%	16%
voc./college/Cegep	24%	20%	21%	20%
trade	3%	2%	0%	0%
some university	5%	6%	5%	15%
bachelor's	21%	22%	32%	33%
professional certif	3%	6%	10%	4%
grad degree	5%	12%	12%	4%

Source: Canadian Policy Research Networks, unpublished.

Table 17 Benefits for full-time employees, 1995

	Overall	Charities	Co-ops	Envi'ment	Unions
Pension plan	44	44	37	16	81
Extended medical insurance	56	55	53	35	82
dental insurance	49	49	48	27	68
paid sick leave	63	63	59	51	81
long-term disability	51	47	55	31	74
supplementary maternity benefits	19	14	18	15	48
supplementary unemployment benefits	17	16	17	12	29
personal/family care benefits	18	17	15	4	36
life insurance	2	2	2	0	0
none	24	24	26	38	12
n =	572	315	176	26	55

Source: Human Resource Development Canada and Canadian Centre for Policy Alternatives, Browne and Landry, 1996.

Table 18 Average percentage of paid staff by occupational category (in percent), 1995

(%)	Overall	Charities	Co-ops	Env'ment	Unions
Top Management	17.8	18.4	14.9	10.7	27.7
Other Management	16.4	15.9	18.7	9.4	15.2
Professional/Non-Management/Service Provider	40	42.1	40.9	44.5	22
Clerical/Office/Admin Support	17.9	15.9	17.6	20.3	29.9
Other	8.4	8	8.8	15.6	5.3

Source: Human Resource Development Canada and Canadian Centre for Policy Alternatives, Browne and Landry, 1996.

Table 19 Minimum level of education reported for each position

Level of Education	% of Position				
	A	B	C	D	E
<b>Post-grad</b>	24	10	3	1	2
<b>post-sec</b>	60	72	63	52	20
<b>high school</b>	9	10	29	36	68

Source: Volunteer Vancouver, 1996.

Table 20 Incidence of training (percentage of organizations providing formal training to paid employees and volunteers, by category of organization), 1995

	(%)	Formal training to paid workers	Formal training to volunteers
Overall sample		56	32
All charities		55	34
welfare		63	42
health		76	34
Education		62	27
Religion		40	30
Benefits to community		57	34
Other		100	53
Co-operatives		52	29
Environmental groups		60	16
Trade unions		74	49

Source: Human Resource Development Canada and Canadian Centre for Policy Alternatives, Browne and Landry, 1996.

Table 21 Occupations for which staff gets trained (percentage of organizations providing training to paid employees and volunteers, by occupational category and category of organization), 1995.

	Top Management		Other Management		Professional/Service Provider/Non-Management		Clerical/Admin Support	
	Employee	Volunteer	Employee	Volunteer	Employee	Volunteer	Employee	Volunteer
Overall sample	49	41	46	40	64	66	48	33
All charities	49	32	47	35	67	73	49	35
Welfare	46	37	50	29	79	71	43	32
Health	71	30	67	23	80	80	67	7
Education	45	59	40	63	78	65	62	60
Religion	46	11	25	29	39	78	41	22
Benefits to community	38	41	61	47	65	64	40	65
Co-operatives	47	61	47	54	62	62	35	40
Environmental groups	31	44	29	29	64	29	48	12
Trade unions	62	58	46	49	57	43	73	19

Source: Human Resource Development Canada and Canadian Centre for Policy Alternatives, Browne and Landry, 1996.

## **APPENDICES**

**APPENDIX 1**  
**Detailed Version of Section I: Sectoral Framework and Definition**

## **Section I. Detailed Version: Sectoral Framework and Definition**

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Figure A1-1:	The Complete ICNPO Classification System

## Sectoral Framework and Definition

All organizations fall into a general category of human action called *association*. *Association* refers to goal-oriented social relationships, of which the market and public sectors represent special cases, adhering to particular sets of rules. From this perspective, the third sector is a residual sector, for it includes all those forms of association that do not fall under the direct regulation of either the market or the state. Efforts to reduce these residual forms - which range from philanthropic foundations to symphony orchestras, homeless shelters and professional associations - to a single category of association are unlikely to be able to do them all equal justice. It may be more accurate to assume that there is more than one non-market, non-state sector, and indeed, some authors envision a four-sector rather than three-sector model of socio-economic institutions.

To date, third sector associations have been excluded from economic sector studies. Existing data on them is scarce, partial and scattered. This is both a cause and effect of the lack consensus in Canada, and world-wide, on a conceptual and operational definition of the sector.

An initial, extensive data-collection effort is therefore likely to have significant consequences for 1) the way that the sector comes to be identified in Canada, 2) the sectoral definitions that will eventually be used to constitute other data-bases, and 3) our conception of the sector's sub-components and structure. The question of sectoral framework and definition is thus critical to any systematic study undertaken at this point in time (Reed, 1997). Such a study would actually play a role in constituting, at least for a time, the sectoral "reality" in Canada (Schneider and Ingram, 1993).

### Labels: What is Their Significance?

Labels have profound symbolic power. Lohmann (1989) demonstrates this in his provocative article, "And Lettuce is Non-animal". He contends that most of the labels used to refer to the voluntary sector are negative or equivocal; they assume that nonprofit activity is somehow deviant, and reflect that assumption back to the public. What is needed, he argues, is a *positive* theory of voluntary action, an economics of "the commons". Yet negative labels can sometimes have powerful, positive symbolic value. For example, we may consider "non-profit" to be a negative or residual term, identifying the sector by what it is not. But most people recognize that this label has powerful positive connotations of trustworthiness, altruism and civic-mindedness. Under certain conditions, this label affords an organization a measure of symbolic capital that similar, for-profit organizations lack (Schlesinger, 1994).

The list of labels that have been applied to the types of organizations that we are focusing on here is long and revealing. Some of these are presented in Table 1, and when looked at together, they suggest two things. First, while most of the definitions do distinguish this sector from the market or the state or both, contrary to Lohmann's assessment, they are *not* for the most part statements of what the sector is *not*. Second, Table 1 suggests somewhat less diversity of meaning than might have been expected. It appears that there are really a very limited number of ideas that are

salient. Most of the labels suggest closely related ideas, but few encompass all the salient ideas and some are outliers.

Two outliers amongst the labels are *civil society sector* and *social economy*. Both come out of particular cultural contexts, the first American and the second, continental European. *Civil society sector* places the accent on individual as opposed to collective initiative and in this sense, is unusual in the literature on this sector. The *social economy* is sometimes used as a synonym for third or voluntary or nonprofit sector in Quebec (e.g. Bélanger, Vaillancourt ) but again, the language of "production" is highly unusual in this sector (even though most associations do produce services of some type, either for their own members or for others).

Some labels are somewhat misleading. For example, although *voluntary sector* refers to voluntary, or autonomous action, and not "volunteering" in the sense of unpaid labour, the term inevitably draws attention to that one particular feature of most sector organizations. The labels *civic sector*, *community sector* and *the commons* are the most comprehensive and the least misleading. However, for the purposes of an HR study, each has its drawbacks. The term *civic sector* includes not only participation in organized associations, but also, informal volunteering (outside of an organizational context) and individual civic activities such as attendance at town hall meetings (Reed, 1996). An HR study would undoubtedly concentrate on organized associations at the expense of individual activities. The *community sector* suggests local organizations, and while most of the sector is indeed comprised of local organizations, a sector study would want to include those that are national, provincial or regional in scope. Finally, as a label intended to have symbolic impact, *the commons* has the principal drawback of obscurity.

For HR purposes, the common labels of *nonprofit sector* or *third sector* express rather well the object and context of inquiry. It is only in taking a long-range view of a study's impact on the identity of the sector, and on public perceptions and discourse, that a more encompassing term such as *civic sector* might be considered more appropriate. This label, like that of the *community sector*, also has the merit of symbolically participating in the rising public concern with, and government and public discourse on, issues of social cohesion. We will return to the question of labels in the conclusion to this section.

### **Distinguishing Characteristics of the Sector: Value-rationality**

Much of the literature on the civic sector assumes that it is permeated by an ethos that sets it apart from both the market and public sectors. Table 2 presents, in the form of ideal types, the distinguishing ethos of social action in the three sectors. These are, of course, highly idealized versions of all three types of social action. It is difficult to imagine that they pertain in any pure form to most organizations that we would want to include within the boundaries of the sector. For example, hospitals and universities that are officially incorporated as non-profits tend to resemble the public institutions in Table 2, as do many large national and international NGO's, such as the Red Cross. On the other hand, voluntary organizations involved in commercial undertakings to raise funds are acting much like market enterprises. Finally, small, local organizations may evolve over time from something like the ideal type of voluntary association in

Table 2 to either the public or market type, in response to environmental pressures. In other words, Table 2 is a typology of *ideal* types, while reality is rather made up of hybrid cases.

Yet for many serious observers of Canada's nonprofit sector, values, norms and ideology remain extremely important elements for defining the sector (Reed, 1996, 1997; Thayer Scott, 1997; White, 1994; White & Roberge, 1995). Reed (1996) for example, claims that the sector is characterized by behaviours of "asymmetrical reciprocity", including gift-giving, charitable giving, philanthropy, volunteer activity, mutual aid and so on, rather than market exchange or hierarchical, authority-based relations. He argues that the sector is about people's "attitudes, voluntary spirit, emotions, ideologies, purposes, even dreams" (1997:54). White (1997) claims that its potential efficacy is based not in professional, bureaucratic or technocratic rationality but in the practices of "being together", of sharing, of conviviality, of mutuality, of concertation and consensus. Interaction is oriented not towards a measurable outcome or product, but rather towards mutually gratifying processes. The potential effectiveness of such associations is intimately tied to the meaning they hold for their participants (Godbout, 1992). They mobilize people rather than capital, and promote democratic development, participative citizenship, and values and initiatives for collective responsibility (*Comité d'orientation et de concertation sur l'économie sociale*, 1996) .

A shared ethos may be essential to the identity of a sector such as this one, which is so diversified in terms of domains of activity, types of activity, technologies, organizational forms and so on. However, an ethos is a precarious basis on which to develop a sectoral definition. For as Van Til (1988) has pointed out, there are competing ideological paradigms for interpreting the workings and meanings of major institutions in our societies, and the nonprofit sector is no exception. Thus, the sentiments described above and in Table 2 tend to mask different models of action.

Van Til mentions five models of voluntary action, reflecting five political ideologies: an economic model (neo-corporatism); a liberal model (pluralism); a participative model of direct action (populist); a citizenship model (social democratic) and a class conflict model (which he names "idealist"). Thayer-Scott (1997) adds a sixth, community-building (or communitarian) model. If for Van Til, each model implies a different vision of the place and role of the nonprofit sector in the society, Thayer-Scott's view is more dynamic. She argues that the ethos of the nonprofit sector actually *evolves* with that of the rest of the society.

In short, *particular* values, norms and ideologies may not be stable components of the civic sector. Yet values would seem to be a distinguishing component and necessary to its identity. This apparent contradiction can be resolved by recourse to classical sociological theory. Max Weber provided the conceptual apparatus allowing us to differentiate between various forms of rationality that drive social action in the modern world. These are found at the bottom of Table 2, and include legal-rational, value-rational and purposive-rational action. They do not represent different sets of values but rather, different criteria of rationality.

*Legal-rational* action is rule-bound; people are governed by an abstract conception of duty, and faithful performance of their tasks is an end in itself. Legal-rationality is typical of bureaucratic action. *Purposive-rational* action is instrumental, calculating and self-interested. It is the

rationality of market behaviour and of the rational choice theories that explain it. Finally, *value-rational* action is directed towards an ideal or cause. This could be a "non-rational", or emotionally significant goal as, for example, ethnic identity or the pursuit of social justice. It is rational, however, in that it sets an objective and channels activity towards it. This, we would argue, is the rationality that dominates the nonprofit sector.

Value-rationality does not claim any particular set of values or ideology as its own. It allows for associations such as the Ku Klux Klan as well as the Boy Scouts, women's shelters and the Alzheimer's Foundation. It also tends to account for most of the other components of the nonprofit sector ethos, presented in Table 2. This occurs because associations amongst people in pursuit of a common ideal, cause or value will develop different norms than associations of individuals who come together for self-interested motives, or to fulfill a government mandate.

This does not mean, however, that the pure, or ideal-typical ethos is to be found in the real world. Partnerships and contracting with the state draw community organizations closer to legal-rational action. Grant cutbacks, fund-raising activities and fierce competition for scarce donations push them towards purposive-rational action. Volunteers geared essentially towards values are joined by paid professional staff whose actions may be more purposive-rational, and by welfare recipients on government programs whose actions may be legal-rational. Real world boundaries between the sectors are fuzzy and growing fuzzier.

Yet if the member organizations of the nonprofit sector do share a symbolic identity that distinguishes them from their partners in other sectors, it is likely to be related to their overarching value-rational orientation. This orientation is bound to be of importance to human resource management in the sector, since it suggests that non-pecuniary rewards such as a supportive work environment, collegial rather than hierarchical relations amongst staff, inclusive decision-making processes, and the mission of the organization are all likely to be of prime importance to civic sector workers.

### **Definitions: Establishing the Boundaries of the Sector**

To decide which organizations fall within the boundaries of the nonprofit sector, it is necessary to establish operational criteria that reflect those defining characteristics of the sector discussed above. Two major questions frame this task. First, the operational definition will inevitably reflect particular concerns or interests; thus the boundaries of the sector for tax purposes are likely to be different than those defined for economic or social purposes. The operational definition adopted for a sector study would have to meet certain criteria that might affect HR issues (e.g., organizational structure) and could leave aside others that are less salient (e.g. tax exemption status). On the other hand, the fact that such a study might prove to be *the* base-line study of the sector in Canada suggests that it will be carrying more than strictly human resource concerns on its shoulders.

The second question framing the task of definition is: how many sectors are there? If there is only one residual, third sector then the criteria of inclusion are inevitably very broad. If there are more than three sectors, a sector study would concentrate on only one, more exclusively defined.

## *Legal definitions*

In most societies, the only definitions of the nonprofit sector are those devised by government for administrative purposes, generally related to taxation. Interestingly, these legal definitions do often take into account the value-rational orientation that sets the nonprofit sector apart from the public and market sectors. Thus, in Canada, those organizations that can show that they invest at least 80 percent of their revenue directly towards welfare, education, health, religion, other benefits to the community or other benevolent ends, can incorporate as "charities"; they are exempt from corporate taxation and donations made to them are tax-exempt as well.

Legal definitions are highly operational. However, one major problem they present is that laws tend to cover only a small fraction of all those organizations considered part of the civic or community sector. Another is that these organizations can incorporate under a wide variety of federal and mainly provincial laws. What are the precise criteria of inclusion in the category or categories of "nonprofit" in each of these laws and regulations? How similar or different are the laws from one province to another? This information has never been systematically compiled. Moreover, we are told by Browne and Landry (1996: 4): "the responsible provincial government departments do not on the whole keep separate lists of for profit and not-for-profit corporations", suggesting that they may not work with any official definition at all. All this makes it difficult if not impossible to use existing administrative definitions in Canada.

Furthermore, inclusion in any legal definition of nonprofits requires a procedure of incorporation with the proper authorities. If an association is not seeking tax-exempt status - for example, if its annual revenue is so small that it is non-taxable - it may have no reason to incorporate, and will nowhere be "officially" recognized as non-profit. In short, legal definitions may vary in important ways from one jurisdiction to the next, and fail to include large numbers of associations that are normally considered part of the sector.

## *Economic definitions*

Economic definitions of the sector tend to focus on financial inputs and the distribution of profits. Some economic definitions are complex and result in fitting most nonprofits into well-established categories of economic activity, such as the market, government and the household.<sup>1</sup> A simple economic definition might include all organizations that adhere to the "non-distribution constraint", that is, that reinvest profits in the functions of the organization rather than distributing them to the owners, shareholders or controllers (Hansmann, 1987). This may appear to be the

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<sup>1</sup> For example, the U.N. System of National Accounts (SNA) begins from a five-sector map of economic activity: commercial enterprises, financial enterprises, government, households and the nonprofit sector. Then, based on the principal source of revenue to the organization, it proceeds to place the majority of non-profits in one or another of the categories: when a substantial proportion of their revenue comes from government, they are considered public organizations; when commercial activities or fees bring most revenue, they are considered to be private sector; when they raise capital through financial transactions they are considered to be in the financial sector; and when there are less than two paid employees, the organization is considered part of the domestic sector. This definition leaves very few organizations indeed in the nonprofit sector.

"natural" definition for a sector study. Furthermore, it is usually in harmony with the legal definitions most often used and mentioned above. It does differ from a legal definition in its criteria of inclusion, since non-incorporated organizations are not excluded.

The non-distribution constraint is, however, a controversial criterion. It would exclude cooperatives and mutuals, for example, which are very much part of the Quebec's social economy.

### ***Functional definitions***

Functional definitions of the nonprofit sector refer to the aims of organizations, as in the glib definition: "private organizations serving a public purpose" (O'Neil, 1989:2). An essentially functional definition is in current use in Quebec to with respect to the social economy. In 1996, the *Chantier de l'économie sociale* - a para-governmental committee of community leaders - designated as the social economy, all those activities and organizations that emerge from collective entrepreneurship, and that are structured around five values or objectives: 1) service to their members or to the collectivity; 2) self-government; 3) democratic decision-making; 4) the primacy of people and work over capital in the distribution of surplus and revenues; and 5) the principals of participation, mobilization and individual and collective responsibility.

Functional definitions have been criticized on three grounds. 1) they tend to be too vague to sufficiently distinguish the sector from others (see O'Neil above); 2) when more detailed, they tend to become an inventory of what voluntary action includes or ought to include; and 3) they may be overly susceptible to cultural and historical variance in the nature of those functions that are valued, or that afford third sector status to organizations (Salamon and Anheier, 1997). Indeed, we have already commented that the label *social economy*, with its connotations of entrepreneurship and production, does not resonate throughout Canada as a culturally appropriate understanding of the civic or community sector, though in Quebec it is meaningful to all.

### ***Structural-operational definitions***

Structural-operational definitions of the nonprofit sector focus on organizational forms, such as degree of formality, and operational rules, such as the "non-distribution constraint". In the context of a 12-country, international study of the nonprofit sector piloted by Johns-Hopkins University (Salamon and Anheier, 1992, 1997) a structural-operational definition with five dimensions was used. The criteria for inclusion were that organizations be 1) formally institutionalized to at least some degree; 2) non-governmental; 3) non profit-distributing; 4) self-governing; and 5) involve some meaningful degree of voluntary participation. This definition is rapidly becoming international research standard for third sector studies (Table 3).

The adoption of this definition outside of the U.S. has not proceeded without some frustration, however. First, this definition eliminates from the civic sector those informal associations and all unorganized voluntary activity which, in some countries, constitutes *most* of the sector. Second, it eliminates those self-governing, non-profit organizations that are wholly dependent on government. This represents an increasing proportion of community organizations, especially in Canada. And third, like most economic definitions, it eliminates mutuals and cooperatives because

they normally enjoy the right to redistribute a surplus amongst their members. This has proven to be biggest problem for those who attempt to apply this definition in some European countries, where mutuals and cooperatives comprise a very significant portion of the nonprofit sector. It also presents a problem for Quebec where the social economy does include such organizations.

Yet this structural-operational definition, with some modifications, has readily been adapted to the Quebec situation despite the (recent) dominance of the social economy concept there. Several influential Quebec authors make little distinction between the social economy and third, non-profit or voluntary sector labels, despite their rejection of the non-distribution constraint. While Bélanger's (1996) more empirical work simply states the equivalence of these labels and glosses over definitional issues, Vaillancourt's (1996) explicitly accepts a *modified* version of the Johns-Hopkins definition. He would replace the non profit-distributing clause with one referring instead to the absence of the profit-maximization motive. While he agrees that the voluntary sector does *not* include *profit-seeking* organizations, he none the less argues that the members of third sector enterprises *can* decide to redistribute any surplus they accumulate to meet collective socio-economic objectives. This is not seen to constitute private appropriation, explains Vaillancourt:

In the tradition of the French, Belgian, Italian and Swedish whose custom it is to include cooperatives in the social economy (understood as the equivalent of the third sector), we believe that consumer and production cooperatives can indeed belong to the third sector, since in a social economy enterprise, the quest for economic profitability should not be mistaken for the concern to maximize profits... they do not redistribute surpluses in the conventional way, between owners and shareholders. The surplus, where one exists, is redistributed on the basis of a collective decision. They can choose to reinvest it in the enterprise, or to better the working conditions of the staff... [This is] important because [cooperatives] represent a significant reality in Quebec in the social policy domain, providing services as they do in Italy and Sweden. (1996:35).

The salience of the non profit-distributing clause will have to be confronted if an HRDC study is to apply a common definition of the sector throughout Canada. Retaining the non profit-distributing clause eliminates production cooperatives and mutuals from the third sector, considering them to be primarily market organizations in their structure and operation. However, the integration of a functional component to the definition, placing more emphasis on the value-rationality of the organizations - their collective, social goals - might admit the inclusion of social economy organizations such as cooperatives and mutuals. Operationally, this might involve modifying the non profit-distributing clause to refer instead to *non profit-maximization motives*. Alternatively, the non-distribution clause could be limited to refer to *private* (as opposed to collective) appropriation of profits.

### ***One Sector of Three or Four?***

The widely-used label "third sector" translates the usual understanding that nonprofits comprise that residual category of associations including everything that is not state (public) or market (private). But there is still considerable confusion around this assumption. Can *all* non-market, non-state associations be considered part of a single residual sector?

A four-sector model distinguishes between formal and informal nonprofit / voluntary activities. In this view, organized, formally constituted organizations belong to the "third sector", while non-institutionalized voluntary and self-help activity belong in an *informal* or domestic sphere, including private charity, "friendly visiting", "natural" care-giving, exchanges between extended family members, some self-help groups and groups of volunteers who may organize themselves without recourse to financial resources other than their own. We surmise that many of the unincorporated nonprofits in Canada belong to this informal sector, but it is impossible to estimate the proportion.

The Johns-Hopkins 5-point definition of the nonprofit sector implicitly adheres to a version of this four-sector model, given that it eliminates informal voluntary action from the sector on the basis of the "formally institutionalized" clause. According to some (e.g. Vaillancourt, 1996) the presence of paid staff is the decisive factor. Unincorporated organizations and self-help groups with even one paid staff member would still be included in the third, or nonprofit sector.

Others (e.g., Reed, 1996) maintain a three sector model and insist on the unity of formal and informal civic behaviour. Thus, *ad hoc* volunteering on an individual basis (for example, as occurred throughout Montreal's ice storm) as well as participation in civil society (such as attending a ratepayers' association meeting) are folded into a single sector along with formal, self-governing, non-profit, non-governmental organizations. This definition is true to the *ethos* of the sector, as depicted in Table 2. Furthermore, it would encourage the harmonization of a nonprofit sector study (focusing on formal organizations) with previous (Statistics Canada, 1987) and future studies of volunteer activity in Canada. However, at an operational level, such a broad definition becomes too amorphous to be amenable to data collection or coherent analysis, and overshoots the area of primary concern for a sector study.

A promising compromise would be to adopt a three sector model, dividing the third sector into formal and informal sub-sectors. A broader label, such as "civic" or "community" sector could be applied to the combined, informal and formal third sector. An HRDC sector study would focus on the formal sub-sector. However, the criteria for distinguishing between the formal and informal sub-sectors is not without controversy itself. Legal incorporation may be an overly exclusive criterion, though at this point, we have no knowledge of the relative proportion of incorporated and unincorporated nonprofits in Canada. The presence or absence of paid staff may also be an excessively exclusive criterion, for it would eject from the formal nonprofit sector both incorporated and unincorporated grassroots, public benefit and mutual benefit organizations having a strictly volunteer workforce (e.g., some food banks, amateur sports clubs, etc.).

### ***Conclusions Regarding an Operational Definition***

In the international Johns-Hopkins study, the principal published work to date deals exclusively with definitional issues (Salamon and Anheier, 1997). It reports on the lack of correspondence between the 5-point structural-operational definition framing the study, and the realities of twelve different national third sectors. In other words, the 5-point definition may itself be less of an operational definition than an ideal type, against which the real world can be compared and specified. If this is the case, is seeking an *à priori* definition equivalent to seeking the holy grail?

The alternative to seeking a workable operational definition is to resort to an inductive approach (e.g., Gronbjerg, 1989). Gronbjerg describes a means of constructing the population of nonprofits by collecting and evaluating lists provided by multiple sources (official listings of tax-exempt organizations, human service directories, lists of community and ethnic organizations, arts and cultural organizations, etc.). This inductive approach was used for a study of nonprofits in Chicago; it may prove to be an even more laborious challenge on a national level, given that the vast majority of nonprofits are local organizations (Browne and Landry, 1995). Furthermore, it could not promise to provide a truly representative (random) sample. On the other hand, for the lack of systematic recording methods within countries, this was precisely the method used by most of the participants in the international Johns-Hopkins study of nonprofit sectors. Canada is the that same situation.<sup>2</sup>

In the final analysis, then, a definition of the sector can only offer a rough idea of its boundaries. It does not seem that it can be operationalized to the point of providing strict criteria of inclusion; judgements will have to be made. In fact, the choice of definition itself would necessarily involve a certain degree of value-judgement. Are we really interested in unincorporated organizations? Are we really interested in organizations with no paid staff at all? Do we want cooperatives and mutuals to be excluded from the study? What components of the broad civic sector are we prepared to leave to other studies, such as the those focusing on voluntary activities, or other sector studies on, for example, the health or education sectors? Do we wish to take a radical constructivist position, and invite certain borderline or hybrid organizations to include or exclude themselves from the sector, as Browne and Landry (1995) did, in part? An operational definition of the sector in Canada would then be one *result* of the sector study.

The significant gaps in our empirical knowledge of the sector mean that we are working in the dark. We do not know exactly what the consequences of decisions about the boundaries of the nonprofit sector would be, for we cannot know *which* or *how many* organizations we would be excluding from a sector study by making one choice or another. Before suggesting answers to some of the questions asked above, then, it may help to consider the internal structure of the sector.

### **Classification: Imposing Internal Order**

Classification refers to the categories we provide for discriminating amongst the huge variety organizations that are ultimately included in the sector definition, and therefore in the population of nonprofits. A classification system must allow us identify similar organizations and to distinguish them from others along meaningful dimensions. We begin by considering the ways that nonprofits in Canada are generally classified. It is important to note, however, that a coherent

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<sup>2</sup>The administrative data in Canada currently includes registered charities and other nonprofits large enough to be required to submit Tax Information Returns. In future, nonprofit organizations which pay GST will also be distinguishable. However an unknown proportion of nonprofit organizations are excluded from these records because they are too small or informally structure. This is raised again in later sections. One might look into the feasibility of eventually requiring those organizations that do not sell their services to still require a number releasing them from paying GST at the point of purchasing goods and services.

Canadian classification system as such does not exist. But on a broad level, federal and provincial laws tend to distinguish between three categories of nonprofits: 1) registered charities; 2) other incorporated nonprofits, which include both public service organizations and mutual interest (or member) associations; and 3) unincorporated nonprofits, which may or may not be registered in other ways with provincial governments.

### ***Registered Charities***

Federally registered charities are the only group of nonprofits in Canada to be systematically classified. The system distinguishes between six categories which refer to the organization's stated purpose: welfare, health, education, religious activities, benefits to the community and "others". Each of these includes a subordinate list of types of organizations (e.g. libraries and museums, synagogues, military units).

According to a major CCP study of the charitable organizations in Canada which made extensive use of federal data on registered charities, this classification system is inadequate and outdated (Sharpe, 1994). First, it fails to distinguish between three significant designations for charities: 1) public foundations, 2) private foundations and 3) charitable service organizations. Although Sharpe justifies this distinction in economic terms (the measurement of financial flows), for HR purposes, the distinction between foundations and service-oriented charities, at least, is central because the types of activities they are involved in and their internal structure bear no similarity, despite their functioning in the same domain. This distinction between *domain* of activity and *type* of activity is ultimately an important one.

Second, the domains of activity in the current federal classification system do not provide a means of distinguishing several key types of charitable organizations that have obviously increased in importance since the inception of the system (e.g. international development and relief agencies, environmental groups). As Sharpe (1994:8) has pointed out, "the fact that Category 09 [welfare organizations - not elsewhere classified] contains well over half of the charities in the Welfare Sector is evidence that the current options are not detailed enough to allow for a realistic picture of the charitable sector".

Sharpe (1994) reorganized the standard federal classification system to provide more useful information. First, in addition to the six activity sub-sectors, he provided three possible designations for all charitable associations: *public foundations*, *private foundations* and *charitable service organizations*. Second, amongst the activity categories, he provided separate categories for large institutions (i.e. hospitals, teaching institutions and places of worship) to make it possible to control for the massive effects of their exceptional size and form of organization on analyses of their respective sub-sectors (i.e., health, education and religion). The resulting classification system is presented in Table 5. It represents a significant improvement over the current system and its application to data held by Revenue Canada has been validated.

### ***Incorporated Nonprofits***

There remains a far more colossal task ahead, however, if the black box of federally and provincially incorporated nonprofits (other than charities) is to be opened. For this category contains more than twice the number of registered charities (Quarter, 1992) and they are currently classified (if at all) according to a multitude of different laws passed by various departments in different levels of government, some of those classifications perhaps as outdated and inadequate as the federal government's system for charitable organizations.

Distinctions between mutual interest, or *member associations* on the one hand (e.g. unions, professional and consumer organizations, ethnic and religious organizations and so on) and *public service organizations* on the other (e.g. sports and performing arts organizations, food banks and women's shelters, service clubs and so on) are fairly generalized throughout Canada, if not systematized, and are important to HR concerns. For example, the structural and interactional relations between the board of directors and the members or staff of the organization are likely to differ in the two types of association. Furthermore, public service organizations are also likely to employ service professionals. These differences mean that authority relations, decision-making processes, internal organization, salary levels, training requirements and worker expectations are all likely to pattern differently than in member associations.

### ***Unincorporated Nonprofits***

No classification system exists in Canada for unincorporated nonprofits, since in most cases, no laws apply to them. There are some exceptions to this rule. For example, in Quebec's civil code, associations of all types are subject to definition, if not classification, whether or not they incorporate. There are also other forms of registration that may exist at the provincial level which provide unincorporated nonprofits with "juridical person" status, allowing them to own and trade property. Overall however, there is no established means of distinguishing amongst them.

Because there is no systematic classification for all nonprofits in Canada, the door is open to consider the components of an *ideal* classification system. Three routes are possible. The first and most straight-forward is to adopt, with modifications as may be desirable, an existing descriptive classification system such the International Classification of Nonprofit organizations: ICNPO-Revision 1, developed by Salamon and Anheier (1997) in the context of the Johns-Hopkins study, and validated, with varying degrees of success, in several national contexts. A second strategy is develop a sophisticated taxonomy geared to the interests of stakeholders of a sector study. A third is to combine a descriptive classification system with a simple taxonomy that makes use of existing Canadian classification concepts, such as mutual interest or member associations, public service organizations, charitable organizations and foundations.

### ***Three Routes to a Classification System***

A number of *descriptive classification systems* exist both at the international level (e.g. The United Nations System of National Accounts) and at national levels (outside Canada, e.g., the American National Taxonomy of Exempt Entities). Overall, these tend to be either too skimpy or,

in the case of the U.S. National Taxonomy, too particularized and nationally specific (Salamon & Anheier, 1992). The International Classification of Non Profit Organizations (ICNPO-R1) developed in the context of the Johns-Hopkins study seems the best example of a descriptive system that is sufficiently flexible to be adapted to Canadian and HRDC specifications (Table 4).

In this system, organizations are classified according to their domain of activity. There are three levels of classification: 12 major Activity Groups, 24 Subgroups, and a flexible (non-standardized) series of Activities within each Subgroup (see Figure 1). This modular system can be augmented to accommodate broader definitions, such as that of the social economy, which includes mutuals and cooperatives. It is possible to either interpret or adjust the system so as to distinguish between charitable organizations and other nonprofits, foundations and public service charities, public service organizations and mutual interest associations and so on, as may be desirable in the context of a Canadian sector study.

A second classification route would be to develop an *analytic taxonomy* of the nonprofit sector rather than a descriptive classification (Reed, 1997). This would suggest the need for a classification system that would distinguish amongst nonprofit organizations on the basis of analytically meaningful variables, themselves forming a theoretically coherent framework. Some individual variables that might be interesting for building a taxonomy might include, for example, the degree of institutionalisation, span of interest (Reed, 1997) or composition of workforce. A sophisticated taxonomy, however, would use several, theoretically coherent dimensions (or variables) to distinguish amongst organizations, with a view to creating precise analytic categories.

Given the level of our ignorance about what kinds of organizations are really out there, and the embryonic state of theory in this area, it would be a mistake to attempt to construct a sophisticated, integrated, theoretically-informed taxonomy *a priori*, as a framework for base line data collection. Taxonomies are rather the result of long periods of interplay between data and theory. They are normally built up through the accumulation of mid-range theories and the testing of hypotheses. However, if constructing a taxonomy is not an attractive option at this point in time, we would still want the organizations identified as constituting the sector to be meaningfully categorized.

A simple taxonomy of Canadian nonprofit organizations is suggested by Quarter's (1992) study of *Canada's Social Economy* (1992), and bears some consideration. Quarter distinguishes, first, between public service organizations and mutual interest associations. Then, he presents public service organizations in groups that seem to be distinguished by the *type* of action they are involved in: market-like (oriented towards economic self-sufficiency or self-interest, such as cooperatives), state-like (oriented towards social regulation or rights, such as heritage groups or hospitals) or value-rational action (oriented towards community and social ties, such as service groups). In a homologous fashion, mutual interest or member associations are distinguished according to the type of action they are involved in: self-interest (e.g., consumer associations), rights and regulation (e.g. advocacy) or community ties (e.g. ethno-cultural organizations). These distinctions are useful analytical tools, and may be of some interest in a sector study (Table 6).

A third route for classifying nonprofits might combine a descriptive classification, similar to the ICNPO-R1, and a simple taxonomy such as that presented in Table 6. This would entail the inclusion of variables distinguishing between market, political and social action in the survey questionnaire. The combined classification system would be useful in the context of a sector study because it would allow a more nuanced distinction between organizations than the ICNPO (or any other purely descriptive system) alone. The ICNPO distinguishes organizations by *domain of activity* (health, housing, sports, culture, etc.), but considers "advocacy", for example, a domain of activity on the same level as "health" or "sports". The addition of a simple taxonomy such as Quarter's would eventually allow for distinguishing between, for example, "health: commercial activities", "health: public service delivery", "health: professional associations", "health: advocacy", "health: self-help", and so on.

This type of classification is based on the defining characteristics of the sector rather than a full-blown theory of the sector, and so is not as ambitious as a true taxonomy would be. It is sensitive to established Canadian administrative categories, such as the distinction between public service and mutual interest groups, though the place of charitable and philanthropic organizations remains to be determined. A classification of this type would permit a more subtle analysis of the patterns of human resource characteristics and needs, as well as organizational/managerial issues, than a classification by domain of activity alone. Finally, it would still provide a high level of compatibility with international data bases.

## **Summary and Conclusions**

The question: "Is there really a sector behind the various labels and definitions?" is not a moot one. It is likely that, through labeling, defining, classifying, gathering data on and analyzing a collection of organizations, we actually provide or reinforce the basis for a common identity and definition of interests amongst the targeted organizations, and in the public eye. This is why it should be clear that the label "nonprofit sector", as used here, does not refer to a residual "third sector" including all associations and activities that are neither market nor state, but rather, to a specific subset of formal organizations. These may be incorporated or not, registered as charities or not, and may include paid workers, volunteers and people on government programs. Their common characteristics are that they be formally institutionalized to at least some degree; non-governmental; nonprofit for private appropriation; self-governing; and that they involve some meaningful degree of voluntary participation, even if this is mainly at the level of the board of directors.

There is always some ambiguity in distinguishing nonprofit from market or public organizations, as all three can be engaged in similar domains of action and even in similar types of activity (e.g., producing goods or services either for sale or free to the public consumer or user). Hybrid organizations are not limited to the nonprofit sector: are crown corporations more like market or public institutions? This issue is highlighted by the salience of the social economy in Quebec and and to a lesser degree, other provinces. The social economy includes all organizations involved in the production of goods and services organized towards human and social development rather than towards economic growth or profit. Nonprofit in some cases, such as that of cooperatives, does not mean that the total surplus is reinvested in the *operations* of the organization, but may

also be invested in improving the working conditions - including the salary - of the staff. These organizations are nonprofit in that they eschew the *private* appropriation of surplus (which is, in contrast, the defining characteristic of the market economy). In short, any definition of the nonprofit sector will have to tolerate considerable ambiguity.

Moreover, it may be reasonable to make certain *ad hoc* decisions about inclusion in, or exclusion from a sector study on bases other than a sector definition. For example, Canadian studies have shown the importance of separating out the large "statutory" nonprofits such as hospitals and universities from the rest of the nonprofits in their domain of activity (Sharpe, 1994). Large organizations are likely to be highly professionalized and will have very different issues than the bulk of organizations which have only small staff (or no staff) complements. The question is: do we distinguish these institutions by absolute size (number of paid staff or of all staff? What is the magic cut-off number?); by internal organization (level of bureaucratic development?); by the extent to which they are regulated by the state (make-up of the board of directors?) or by some other criterion? All of these, as we see, are difficult to define operationally. Depending on which criteria are used, they may or may not capture other large, institutionalized nonprofits as well, for example, some mutuals and cooperatives (e.g. Desjardin, Blue Cross). *Ad hoc* decisions might have to be made as well about domains of activity that have already been the subject of a sector study or would be better analysed along with market or state establishments in the same domain (e.g., should hospitals and universities be for the most part public institutions in Québec and nonprofits in the rest of Canada, yet might be more valuably studied as a single sector). Finally, some *ad hoc* decisions may be made on grounds of interest alone (e.g., are we interested in including professional, business and worker associations in this sector study?).

To allow for such versatility with the minimum of distorting effects, we would argue that a sector study ought to be designed on the basis of a three-dimensional classification system that considers not only the *type of organization* (mutual benefit or public service) and the *domain of action* (e.g., health, culture, environment) but also *types of action* (e.g. the production of goods or services, advocacy, community action). Implementing such a representation of the sector in the context of a sector study would mean selecting, within each domain of action (or subsector) organizations of both types (mutual benefit and public service) that are involved in the three broad types of activities. This approach allows for considerable flexibility, in that not all domains of activity need be examined simultaneously, and certain types of action could be excluded on an *ad hoc* basis. But it still ensures a high level of coherence: a similar scheme is applied to all domains of action so that they can eventually be compared with a view to highlighting both differences and similarities amongst nonprofit organizations in the sector as a whole.

Finally, we should keep in mind that there are constantly new forms of nonprofit organization being invented. One Quebec example is the *corporations d'insertion au travail* (CITs), government subsidized and regulated nonprofit enterprises that provide training and work opportunities for the hard to employ, including the disabled, those with psychosocial problems and disaffected youth. Ideally, these organizations eventually become self-sufficient. Quebec may also serve as a laboratory for studying aggressive job-creation strategies involving the nonprofit sector, particularly through intersectoral partnerships. Thus, new hybrids and new interfaces are in constant development so that any study of the nonprofit sector cannot afford to remain tightly

bound by a static definition and classification system. This is the principal advantage of a versatile system that recognizes differences in the types of activities in which nonprofits engage, as well as in their domains of action and their organisational forms.

**Table A1- 1**  
**Some Labels and Their Meanings**

<b>Non-profit sector</b> <b>Not-for-profit sector</b>	Enterprises or associations operated for reasons other than the creation and distribution of a capital surplus.
<b>Voluntary sector</b> <b>Secteur associatif</b>	Associations entered into without compulsion or obligation, solely on the basis of free will.
<b>Community sector</b>	Collective activities or enterprises that are freely entered into, and that operate within a framework of solidarity, participative citizenship or community membership rather than market relations.
<b>Civic sector</b>	Collective and individual activities or associations that are freely undertaken within a framework of solidarity, participative citizenship or community membership rather than market relations.
<b>Civil society sector</b>	"The plethora of private, nonprofit and nongovernmental organizations that have emerged in recent decades ... to provide vehicles through which citizens can exercise individual initiative in the private pursuit of public purposes" (Salamon and Anheier, 1997)
<b>Third sector</b>	Enterprises, organizations and associations that lie outside of both state and market
<b>Independent sector</b>	Enterprises, organizations and associations unassociated with either state or market
<b>Intermediate sector</b>	Associations that emerge in the spaces between the domestic/informal sphere and the public sphere.
<b>The Commons</b>	"Self-defining collectivities of voluntarily associating individuals... operating jointly and independently outside of markets, households and the state in social spaces that can be called commons" (Lohmann, 1989)
<b>Social economy</b> <b>Économie solidaire</b>	The production of goods and services organized towards human and social development rather than economic growth or profit.

**Table A1- 2**

**Public, Nonprofit and Market organizations as Ideal Types**

<b>Distinguishing characteristics</b>	<b>Public establishment</b>	<b>Nonprofit organization</b>	<b>Market enterprise</b>
<b>structuring principal</b>	bureaucracy	association	competition
<b>process regulated through...</b>	authority	<i>concertation</i>	calculation
<b>accountability to...</b>	legal mandate	collectivity / community (funders)	individuals / owners
<b>decision-making criteria</b>	mandate	deliberation	self-interest
<b>dominant relational form</b>	control	interaction	exchange
<b>compensation</b>	status	intrinsic rewards	pecuniary
<b>value derived through...</b>	rights	meaning	utility
<b>legitimacy derived from...</b>	equity	discretion	choice
<b>rational orientation</b>	legal-rational	value-rational	purposive-rational

**Table A1- 3**

**The Johns-Hopkins 5-point Definition of Nonprofit Organizations  
(suggested ammendments for the Canadian case in italics)**

<p><b>Formal</b></p>	<p>Institutionalized to some extent. What is important is that the organization have some institutional reality to it. In some countries this is signified by a formal charter of incorporation. But institutional reality can also be demonstrated in other ways where legal incorporation is not readily available, by having regular meetings, officers or rules of procedure, or some degree of organizational permanence. Purely ad hoc, informal and temporary gatherings of people are not considered part of the nonprofit sector under this definition, even though they may be quite important in peoples' lives. Otherwise, the concept of the nonprofit sector becomes far too amorphous and ephemeral to grasp and examine.</p>
<p><b>Non-governmental</b></p>	<p>Institutionally separate from government. Nonprofit organizations are neither part of the governmental apparatus nor governed by boards dominated by government officials. This does not mean that they may not receive significant government support or that government officials cannot sit on their boards. The key here is that nonprofit organizations are <i>not primarily accountable to government</i>.</p>
<p><b>Nonprofit</b></p>	<p>Not returning profits generated to their owners or <i>private shareholders</i>. Nonprofit organizations may accumulate profits in a given year, but the profits must be plowed back into the basic mission of the agency or <i>collectively appropriated for other social benefits, such as to improve the working or other social conditions of all staff or members</i>. ....Nonprofit organizations do not exist primarily to generate profits. This differentiates nonprofit organizations from... private business.</p>
<p><b>Self-governing</b></p>	<p>Equipped to control their own activities. Nonprofit organizations have their own internal procedures for governance and are not controlled by outside entities.</p>
<p><b>Voluntary</b></p>	<p>Involving some meaningful degree of voluntary participation, either in the actual conduct of the agency's activities or in the management of its affairs. This does not mean that all or most of the income of an organization must come from voluntary contributions, or that most of its staff must be volunteers. The presence of some voluntary input, even if only a voluntary board of directors, suffices to qualify an organization as in some sense "voluntary".</p>

Source: Salamon and Anheier, 1992.

**Table A1-4. The International Classification of Nonprofit Organizations, Major Groups and Subgroups**

<b>GROUP 1: CULTURE AND RECREATION</b>	<b>GROUP 6: DEVELOPMENT AND HOUSING</b>
1 100 Culture and Arts	6 100 Economic, Social and Community Development
1 200 Sports	6 200 Housing
1 300 Other Recreation and Social Clubs	6 300 Employment and Training
<b>GROUP 2: EDUCATION AND RESEARCH</b>	<b>GROUP 7: LAW, ADVOCACY, AND POLITICS</b>
2 100 Primary and Secondary Education	7 100 Civic and Advocacy Organizations
2 200 Higher Education	7 200 Law and Legal Services
2 300 Other Education	7 300 Political Organizations
2 400 Research	
<b>GROUP 3: HEALTH</b>	<b>GROUP 8: PHILANTHROPIC INTERMEDIARIES AND VOLUNTARISM PROMOTION</b>
3 100 Hospitals and Rehabilitation	
3 200 Nursing Homes	<b>GROUP 9: INTERNATIONAL</b>
3 300 Mental Health and Crisis Intervention	<b>GROUP 10: RELIGION</b>
3 400 Other Health Services	
<b>GROUP 4: SOCIAL SERVICES</b>	<b>GROUP 11: BUSINESS AND PROFESSIONAL ASSOCIATIONS, UNIONS</b>
4 100 Social Services	
4 200 Emergency and Relief	<b>GROUP 12: [NOT ELSEWHERE CLASSIFIED]</b>
4 300 Income Support and Maintenance	
<b>GROUP 5: ENVIRONMENT</b>	
5 100 Environment	
5 200 Animal Protection	

Source: Salamon and Anheier, 1997.

**Table A1- 5**

**Revised Classification of Charitable Organizations (Sharpe, 1994)**

<b>Domain of action</b>	<b>Type of organization</b>		
	<b>Public Foundations</b>	<b>Private Foundations</b>	<b>Public Service Charities</b>
<b>Welfare</b>			
<b>Health</b>			
<b>Education</b>			
<b>Religion</b>			
<b>Benefits to Community</b>			
<b>Others</b>			
<b>Hospitals</b>			
<b>Universities and Colleges</b>			
<b>Places of Worship</b>			

**Table A1- 6**

**A Taxonomy by Type of Organization and Type of Action**

TYPE OF ORGANISATION		
TYPE OF ACTION	Public Service Organizations	Mutual Interest Associations
<b>Oriented towards economic self-sufficiency and self-interest, or market-like activities</b>	e.g. <ul style="list-style-type: none"> <li>• Performing arts groups</li> <li>• Blue Cross</li> </ul>	e.g. <ul style="list-style-type: none"> <li>• Business associations</li> <li>• Consumer organizations</li> </ul>
<b>Oriented towards social regulation and rights, or statutory activities</b>	e.g. <ul style="list-style-type: none"> <li>• Heritage associations</li> <li>• Hospitals</li> </ul>	e.g. <ul style="list-style-type: none"> <li>• Environment advocacy groups</li> <li>• Political parties</li> </ul>
<b>Oriented towards community and social ties, or value-rational activities</b>	e.g. <ul style="list-style-type: none"> <li>• Food banks</li> <li>• Youth programs</li> </ul>	e.g. <ul style="list-style-type: none"> <li>• Ethno-cultural organizations</li> <li>• Self-help groups</li> </ul>

**Figure A1-1: ICNPO**  
**The International Classification of Nonprofit Organizations**

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**APPENDIX 2**  
**Codes of Accountability**



	<b>CAGP Standards of Professional and Ethical Practice</b>	<b>Association for Health Care Philanthropy Statement of Professional Standards &amp; Conduct</b>	<b>A Donor Bill of Rights AAFRC, AHP, CASE &amp; NSFRE</b>	<b>NSFRE Code of Ethical Principles and Standards of Professional Practice</b>	<b>Canadian Council for International Co-operation Code of Ethics</b>	<b>Canadian Council of Christian Charities</b>
<b>Integrity of Planner</b>	<b>(1) Procedures and practices undertaken by the Gift Planner shall bring credit to the Association by following accepted principals of sound business management and accounting procedures. Gift Planners shall, in all dealings with donors, institutions and other professionals, act with fairness, honesty, integrity and openness.</b>	<b>(I) Their promotion of the merits of their institutions and of excellence in health care generally, providing community leadership in cooperation with health, educational, cultural, and other organizations; (ii) Their words and actions, embodying respect for truth, honesty, fairness, free inquiry, and the opinions of others, treating all with equality and dignity; (X) Their pledge to adhere to this Statement of Professional Standards and Conduct, and to encourage others to join them in observance of its guidelines.</b>	<b>(X) To feel free to ask questions when making a donation and to receive prompt, truthful and forthright answers.</b>	<b>(Members) serve the ideal of philanthropy, are committed to the preservation and enhancement of volunteerism, and hold stewardship of these concepts as the overriding principle of professional life; affirm, through personal giving, a commitment to philanthropy and its role in society; adhere to the spirit as well as the letter of all applicable laws and regulations; bring credit to the fund-raising profession by their public demeanour; actively encourage all their colleagues to embrace and practice these ethical principles; (1) Members shall act according to the highest standards and visions of their institution, profession, and conscience. (2) Members shall avoid even the appearance of any criminal offence or professional misconduct. (3) Members shall be responsible for advocating, within their own organizations, adherence to all applicable laws and regulations.</b>	<b>(3.4.2.ii) the Organization shall ensure that the Board exercises prudent judgement in its stewardship responsibilities; (3.4.2.ix) its donors are encouraged to ask questions when making a donation and to receive prompt, truthful and forthright answers (3.4.7) no organization shall discredit another member organization or CCIC in its public communications; nor shall it give out misinformation about its affairs or those of other members.</b>	
<b>Balance of Interest</b>	<b>(2) The Gift Planner shall ensure that the gift planning process achieves a fair and proper balance between the interests of donors and the aims and objectives of charities in Canada.</b>	<b>(V) Their continuing effort and energy to pursue new ideas and modifications to improve conditions for, and benefits to, donors and their institution;</b>		<b>value the privacy, freedom of choice, and interests of all those affected by their actions.</b>		
<b>Full Disclosure</b>	<b>(3) The Gift Planners shall make every reasonable effort</b>		<b>(I) To be informed of the organization's mission, of the</b>		<b>(3.3.3.) The audited financial statement, full or summary, shall</b>	<b>donors are provided with comprehensive and current</b>

	to ensure that the donor receives a full and accurate explanation of all aspects of the proposed charitable gift.		way the organization intends to use donated resources, and of its capacity to use donations effectively for their intended purposes. (III) To have access to the organization's most recent financial statements.		be provided to any inquirer upon written request within a reasonable time. (3.3.4) Each member Organization shall submit to CCIC, within ninety (90) days after the Member Organization's annual general meeting, an audited financial statement. (3.3.5) Upon written or verbal request from CCIC, each Member Organization shall, with ten (10) days of the request, submit to CCIC an Annual Report including a statement of the Member Organization's purpose, full or summary financial statement, description of the goals, summary of overall program activities, results of the work of the Member Organization, and a list of the current Directors of the Member Organizations' Board of Directors. (3.4.2.iii) its donors have access to the Organization's most recent audited financial statements and to a list of the Organization's current Board of Directors.	information regarding the organization and its ministries
Tax Incentives	(4) The Gift Planner will provide appropriate and accurate explanations about tax incentives and implications of all donors' gifts. It is understood that governments have provided for charitable gift tax incentives but emphasis in giving should always be on the philanthropic motivation of the donor.			(16) Members shall ensure, to the best of their ability, that donors receive informed and ethical advice about the value and tax implications of potential gifts.		
Confidentiality	The Gift Planner shall keep the personal and business information of donors and prospective donors confidential. Privileged information shall not be	(VII) Their respect for the rights of privacy of others and the confidentiality of information gained in the pursuit of their professional duties;	(VI) To be assured that information about their donations is handled with respect and with confidentiality to the extent provided by law.	value the privacy, freedom of choice, and interests of all those affected by their actions;	(3.4.2.vi) information about a donation is handled with respect and with confidentiality to the extent provided by law;	

	disclosed to unauthorized parties.					
Compensation	(6) Compensation paid to Gift Planners shall be reasonable and proportionate to the services provided. Payments of finder's fees, commissions or other fees by a donee organization to an independent Gift Planner as a condition for the delivery of a gift are never appropriate. Such payments lead to abusive practices and may violate government regulations. Likewise, commission-based compensation for Gift Planners who are employed by a charitable institution is never appropriate.	(VIII) Their acceptance of a compensation method freely agreed upon and based on their institution's usual and customary compensation guidelines which have been established and approved for general institutional use while always remembering that: (a) any compensation agreement should fully reflect the standards of professional conduct; and, (b) antitrust laws in the United States prohibit limitation of compensation methods.		put charitable mission above personal gain, accepting compensation by salary or set fee only; (4) Members shall work for a salary or fee, not percentage-based compensation or a commission. (5) Members may accept performance-based compensation such as bonuses provided that such bonuses are in accord with prevailing practices within the members' own organizations and are not based on a percentage of philanthropic funds raised. (6) Members shall neither seed nor accept finder's fees and shall to the best of their ability, discourage their organizations from paying such fees.		no portion of the remuneration of stewardship representative and consultants shall be based on gifts received by the organization or gifts committed to it;
Conflict of Interest	(7) Gift Planners shall disclose all potential conflicts of interest to the parties concerned. Except for compensation received for services, the nature of which has been disclosed to the donor they shall have no vested interest in the gift to charity that could result in personal gain.			disclose all relationships which might constitute, or appear to constitute, conflicts of interest; (7) Members shall effectively disclose all conflicts of interest; such disclosure does not preclude or imply ethical impropriety.		
Relationships among Parties	(8) It is essential to the gift planning process that the role and relationship of all parties involved, including how and by whom each is compensated, be fully disclosed to the donor. A Gift Planner shall not act or purport to act as a representative of any charity without the express		(II) To be informed of the identity of those serving on the organization's governing board, and to expect the board to exercise prudent judgement in its stewardship responsibilities. (VII) To expect that all relationships with individuals representing organizations of interest to the donor will be professional in nature.		(3.4.2.vii) its donors are informed whether those seeking donations are volunteers, employees or hired solicitors of the Organization;	

	<p>knowledge and approval of the charity, and shall not, while employed by the charity, act or purport to act as a representative of the donor, without the express consent of both the charity and the donor.</p>		<p>(VIII) To be informed whether those seeking donations are volunteers, employees of the organization or hired solicitors.</p>			
<p>Review of Proposed Gift by Charity</p>	<p>(9) Although Gift Planners frequently and properly counsel donors concerning specific charitable gifts without the prior knowledge or approval of the donee organization, the Gift Planner, in order to ensure that the gift will accomplish the donor's objectives, should encourage the donor, early in the gift planning process, to discuss the proposed gift with the charity to which the gift is to be made. In cases where the donor desires anonymity, the Gift Planner shall endeavour, on behalf of the undisclosed donor, to obtain the charity's input in the gift planning process.</p>			<p>(9) Members shall adhere to the principle that all donor and prospect information created by, or on behalf of, an institution is the property of that institution and shall not be transferred or utilized except on behalf of that institution.</p>		
<p>Exclusivity</p>	<p>(10) Gift Planners shall manage all accounts entrusted to them solely for the benefit of the organizations or institutions being served.</p>					
<p>Records and Donor Lists</p>	<p>(11) Gift Planners shall hold confidential all lists, records and documents acquired in the service of current or former employers and clients. All files, like et cetera shall be left intact when the Gift Planner leaves an employer.</p>		<p>(IX) To have the opportunity for their names to be deleted from mailing lists that an organization may intend to share.</p>	<p>(10) Members shall, on a scheduled basis, give donors the opportunity to have their names removed from lists which are sold to, rented to, or exchanged with other organizations.  (11) Members shall not disclose privileged information to unauthorized parties.  (12) Members shall keep</p>	<p>(3.4.2.viii) its donors have the opportunity for their names to be deleted from mailing lists that the Organization may intend to share</p>	

				constituent information confidential.		
Exploitation	(12) Gift Planners shall not exploit any relationship established in their gift planning role to further their personal or financial interests.			put charitable mission above personal gain, accepting compensation by salary or set fee only; (17) Members' actions shall reflect concern for the interests and well-being of individuals affected by those actions. members shall not exploit any relationship with a donor, prospect, volunteer, or employee to the benefit of the member or the member's organization.		
Competence and Counsel	(13) Gift Planners shall strive to achieve and maintain a high degree of competence in their chosen area, and shall advise donors only in areas in which they are professionally qualified. In areas outside of their knowledge and expertise, Gift Planners should include other professionals in the process.	Their commitment to strive to increase professional and personal skills for improved service to their donors and institutions, to encourage and actively participate in career development for themselves and others whose roles include support for resource development functions, and to share freely their knowledge and experience with others as appropriate;		recognize their individual boundaries of competence and are forthcoming about their professional qualifications and credentials; (8) Members shall accurately state their professional experience, qualifications, and expertise. (16) Members shall ensure, to the best of their ability, that donors receive informed and ethical advice about the value and tax implications of potential gifts.		
Independent Counsel	(14) Gift Planners acting on behalf of a charity shall in all cases strongly encourage the donor to discuss the proposed gift with competent independent legal and tax advisers of the donor's choice. A Gift Planner shall fully comply with and shall encourage other parties in the gift planning process to fully comply with both the letter and spirit of all applicable federal, provincial, regional					donors are advised and encouraged to seek independent professional advice before making a gift to the organization which in the opinion of the organization's stewardship representative or consultant, might significantly affect the donor's financial position or income or might adversely affect the donor's relationship with family members

	and local laws and regulations.					
Realistic Goals and Objectives	(15) Gift Planners shall recommend to the institutions they serve only those goals which they believe can be achieved on the basis of their professional expertise and analysis of the potential.					
Inappropriate Causes	(16) Gift Planners shall not engage in raising funds for causes which would threaten or violate individual or collective human rights, harm the planet's ecosystem or promote conflict or preparation for war.					gifts will not be accepted for projects or purposes which are not within its objects or have not been approved by the governing board
Honouring Donors' Intentions	(17) Gift Planners shall, to the best of their ability, ensure that contributions are used in accordance with donors' intentions.		(IV) To be assured their gifts will be used for the purposes for which they were given.		(3.3.1) Without limiting any obligations that may exist at law, the Organization shall conduct its finances in such a way as to assure appropriate use of funds and accountability to donors. (3.3.8) Contributions shall be used as promised or implied in the fundraising appeal or as requested by the donor. (3.4.2.i) the Organization shall ensure that its donors are informed of the Organization's mission, or the way the Organization intends to use donated resources, and of the Organization's capacity to use donations effectively for their intended purposes; (3.4.2.iv) Donations will be used for the purposes for which they were given;	gifts which are designated for the support of a particular ministry of the organization, or gifts which are to be used for a particular project or purpose approved by the organization, are used solely for such purpose of purposes;
Accuracy of Communication	(18) Gift Planners shall ensure that all materials, whether solicitations, proposals or				(3.4.1) Fundraising solicitations shall be truthful, shall accurately describe the Organization's	

	reports, are accurate and correctly reflect the charity's mission and use of solicited funds.				identity, purpose, programs and need, shall only make claims which the Organization can fulfil, and shall avoid using high-pressure tactics in soliciting donations. There shall be no misleading information (including material omissions or exaggerations of fact), no use of misleading photographs, nor any other communication which would tend to create a false impression or misunderstanding. Information in the Organization's appeals should give accurate balance to the actual programs for which the funds solicited will be used. Any and all communications to the public by the Organization shall respect the dignity, values, history, religion, and culture, for the people supported by its programs. In particular, the Organization shall avoid the following: Messages which generalize and mask the diversity for situations; – Messages which fuel prejudice Messages with foster a sense of Northern superiority Messages which show people as hopeless objects for our pity, rather than as equal partners in action and development.	
Accounting					(3.3.2) The Organization shall have an annual audited financial statement, conducted by a qualified, independent accountant. The audited financial statement shall comply with Generally Accepted Accounting Principles and Requirements according to the Canadian Institute of Chartered Accountants.	
Reporting of Alleged	(19) As it is in the interest of					

<b>Violations</b>	<b>both society and the profession, Gift Planners shall report any violations of the Association's standards of professional and ethical practice by a fellow member to the Association's Ethics and Standards Committee. There shall be no recrimination against the reporter.</b>					
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**APPENDIX 3**  
**List of Education and Training Providers**

## Academic/Post-Secondary Institutions

Institution	Program	Format	Curriculum
Dalhousie University Henson College Halifax, NS	National Certificate in Voluntary & Non-Profit Sector Management	In-class Occasional short term sessions	See Appendix A
Ryerson Continuing Education Dept. Toronto, ON	National Certificate in Voluntary & Non-Profit Sector Management	In-class Distance Education	See Appendix A
	National Certificate Program in Fundraising Management	In-class Distance Education	See Appendix B
Guelph University Office of Open Learning Guelph, ON	National Certificate in Voluntary & Non-Profit Sector Management	In-class	See Appendix A
University of Western Ontario Faculty of Community & Open Learning London, ON	National Certificate in Voluntary & Non-Profit Sector Management	In-class Occasional short term sessions	See Appendix A
McMaster University Centre for Continuing education Hamilton, ON	National Certificate in Voluntary & Non-Profit Sector Management	In-class	See Appendix A
Laurentian University Centre of Continuing Education' Sudbury, ON	National Certificate in Voluntary & Non-Profit Sector Management	Distance Education	See Appendix A
	National Certificate Program in Fundraising Management	Distance Education	See Appendix A
Grant MacEwan College Voluntary Sector Management Program Edmonton, AB	National Certificate in Voluntary & Non-Profit Sector Management	In-class Distance Education Occasional short-term sessions	See Appendix A
	National Certificate Program in Fundraising Management	In-class Distance Education	See Appendix B
Mount Royal College Continuing Education & Extension Calgary, AB	National Certificate in Voluntary & Non-Profit Sector Management	In-class	See Appendix A

## Academic/Post-Secondary Institutions

Institution	Program	Format	Curriculum
Simon Fraser University Continuing Studies Vancouver, BC	National Certificate in Voluntary & Non-Profit Sector Management	In-class Occasional short-term sessions	See Appendix A
Algonquin College of Applied Arts & Technology Continuing Education, Applied Art & Technology Nepean, ON	National Certificate Program in Fundraising Management	In-class	See Appendix B
Cabot Institute of Applied Arts & Technology St. John's NF	National Certificate Program in Fundraising Management	In-class	See Appendix B
University of Waterloo Continuing Education Waterloo, ON	Fund Raising for Not-For-Profit Organizations	Six week program, in-class	Designed for fund raising staff who wish to build on their general knowledge of the development process gained through experience or previous courses.
Conestoga College W.E. Hobbs Fundraising Institute at Conestoga College	Intermediate Fundraising Practitioner Certificate Program	In-class (for more info call: (519) 748-5220 x656)	Aimed at fundraisers. Topics include: raise more money; generate more support you're your organization's fundraising; save time and work smart; realize long term & future success; create a personal network of support with other fundraisers.
Georgian College	Planned Giving	Distance Education (mail, telephone, Internet)	For info call: (705) 728-1968 x1617
University of Manitoba Continuing Education Division Winnipeg, MB	Certificate Program in Applied Management – specialization in Nonprofit Organization Management	In-class	For info call: (204) 474-9921

			<b>Curriculum</b>
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## Academic/Post-Secondary Institutions

Institution	Program	Format	Curriculum
University of Saskatchewan Extension Division Saskatoon, SK	People Management for the Not-for-Profit and Voluntary Sector	Occasional short term workshop	Learn helpful theories, tools, tips and exercises to help board members, executive directors, volunteer organizers and staff members manage people better.
UQAM Chaire Seagram – OSBL Montreal, PQ	Certificate Program?	?	For info call: (514) 987-300
York University	Nonprofit Sector Management & Leadership	Masters Level (approved early 1996)	
Queen's University	Not-for-Profit Management	2-week summer program	

## Associations

<b>Organization</b>	<b>Program</b>	<b>Content, Focus &amp; Audience</b>	<b>Geographic Focus</b>
Canadian Council for the Advancement of Education (CASE) Ottawa, ON	Conference – 3 days	Focus: Development Officers for educational institutions	National
Canadian Association of Gift Planners (CAGP) Edmonton, AB	Conference – 3 days	Focus: Intermediate – Advanced Fundraisers	National
Canadian Society of Association Executives (CSAE) Toronto, ON	Annual Conference – 3 days	Focus: CEOs	National
National Voluntary Organizations (NVO) Ottawa, ON	Conference – 3 days	Focus: Leaders of Voluntary Organizations	National
Canadian Council of Christian Charities (CCCC) Mississauga, ON	Conference – 3 days	Focus: Managers & Fundraisers of Christian charities	National
Canadian Direct Marketing Association (CDMA) Montreal, PQ	Convention & Trade Show – 3 days	Focus: Marketing Managers	National
Financial Post	Conferences – 1 day	Focus: Fundraisers and Corporate Marketing Managers	
Community Foundations of Canada	Biennial Conference – 3 days	Focus: Directors of Community Foundations	National
Association of Health Care Philanthropy	Conference – 3 days	Focus: Fundraisers in Health Sector	National

## Associations

	Certificate Program		
United Way of Canada	Workshops – range of topics	Focus: Board Members, Management	National
National Society of Fundraising Executives (NSFRE) Toronto, ON	Conference – 1 day	Focus: Intermediate and Senior level fundraisers	Toronto
Forum Quebecois de la Philanthropie Montreal, PQ	Annual Conference – 2 days	Focus: Beginner/Intermediate level fundraisers	Quebec
Wild Rose Foundation	Annual Conference – 3 days “Vitalize”	Focus: Volunteers	Alberta
Banff Centre for Management	3-5 days	Nonprofit Management, Governance, Planned Giving	

## Other Organizations/Groups with Occasional Training Offerings

Organization	Program	Content, Focus & Audience	Geographic Focus
Burk & Associates	Advanced Corporate Sponsorship Running Really Great Board and Committee Meetings The Non-Profit Management Trilogy Corporate Sponsorship for Non Profit Organizations Thanks! Meaningful Donor Recognition Negotiating Lucrative Sponsorship Deals	Focus: beginner/intermediate fundraisers	Across Canada In major cities
Ken Wyman	Workshops in all areas of Fundraising: planning, capital campaigns, special events, direct mail, proposal writing, small organizations	Focus: beginner fundraisers	Edmonton
Navion	Total Development: Maximize your fund raising mix	Focus: Fundraising Directors	
John Bouza and Associates	Fundamental Fund Raising for Boards	Focus: New Board Members	
Canadian Red Cross Society	Fundraising Workshops	Annual Meeting with Workshop	
Canadian Cancer Society	Fundraising Workshops	Annual Meeting with Workshop	
United Way/Centraide Canada	Fundraising Workshops	Annual Meeting with Workshop	
Big Brothers & Sisters of	Fundraising Workshops	Annual Meeting with Workshop	

**Other Organizations/Groups with Occasional Training Offerings**

Canada			
Canadian Association of Independent Living Centres YMCA/YWCA	Fundraising Workshops	Annual Meeting with Workshop	
Volunteer Canada	Volunteer Development & Management	Workshop	

## Appendix A

## **National Certificate Program in Voluntary and Non-Profit Sector Management**

### **Requirements**

The certificate program and its individual courses are recommended for individuals with a minimum two years of paid staff or volunteer managerial experience in the voluntary and non-profit sector.

A significant amount of course work involves the application of management principles to the current working environment. Participants in certificate program courses need ongoing access to an organization to complete course work.

### **Program**

The program consists of eight courses. Courses are available in in-classroom and distance education formats. Contact delivery institutions directly for availability of formats. Applicants must complete the four required courses plus two electives or approved equivalencies to receive a certificate.

#### **Required Courses:**

- \_ Strategic and operational Planning in the Non-Profit Sector
- \_ Board, Community and Government Relations in the Non-Profit Sector
- \_ Financial Management in the Non-Profit Sector
- \_ Management, Leadership, and Decision Making in the Non-Profit Sector

#### **Elective Courses:**

- \_ Human Resource Management in the Non-Profit Sector
- \_ Marketing for the Non-Profit Sector
- \_ Fundraising and Resource Development for the Non-Profit Sector
- \_ Program Planning and Evaluation in the Non-Profit Sector

Distance Education courses allow independent study of self-stud materials, supported by teleconferences and telephone tutorials.

In-classroom courses have been developed with particular attention to adult learning principles in course design. Group discussions, case studies, and in-class activities enhance and support short topical lectures and out-of-class readings.

There is no requirement to complete the entire certificate program.

## **Curriculum**

Professional management practice in the non-profit sector must be based on a comprehensive understanding of both the management concepts and many unique features of practice in the non-profit setting. This curriculum provides the balanced conceptual framework and practical skills essential to work effectively as a manager in the non-profit sector.

### **Board, Community and Government Relations in the Non-profit Sector**

Provides a broad perspective on the generic problems of the internal and external management of an organization, using theory and applied techniques. Covers the voluntary sector and its impact; models of board governance; the internal and external environment.

### **Fundraising and Resource Development for the Non-profit Sector**

Examines the process of optimizing voluntary support through effective development and implementation of capital campaigns and other fundraising initiatives. Reviews the political, legal and ethical contexts of resource development. Students will develop a campaign strategy and learn skills in campaign analysis, monitoring, volunteer recruitment and development.

### **Human Resources Management in the Non-Profit Sector**

Focuses on human resources policies and practices for non-profits. Topics include recruiting, selecting and developing the best people and creating a motivating environment. Learn how to conduct an organizational analysis, assess strengths and weaknesses of human resource practices and develop effective human resource plans.

### **Management, Leadership and Decision-Making in the Non-Profit Sector**

Introduces management concepts and the differences between for-profit and not-for-profit management practices. Cases and examples illustrate organization, implementation and evaluation of strategic plans; motivation for board, staff and volunteers; leadership approaches; team building; group dynamics; conflict management; decision-making and managing change.

### **Program Planning and Evaluation in the Non-Profit Sector**

## **Appendix A**

Highlights the purposes, use and importance of program planning; provides an understanding of what a program is, how it is developed, assessing program performance and outcome, techniques and tactics for management planning and evaluation. Provides participants with a level of comfort in planning and implementing effective programs in their own organizations.

### **Strategic and Operational Planning in the Non-Profit Sector**

Strategic planning is introduced as a form of organizational development. As with all change, commitment and attention to interpersonal dynamics is of paramount importance. It is important to design a planning process that complements the unique culture of the organization. This requires a thorough understanding of each phase of planning, from a theoretical and a practical perspective, and knowledge of the potential pitfalls. Operational or implementation planning is therefore integral to the strategic planning process.

### **Marketing for the Non-Profit Sector**

Emphasizes the relationships between marketing policies and the overall mission, values, goals, capabilities and environment of the non-profit. Topics cover the attitudes and behaviours of customers; strengths and weaknesses of marketing research; the marketing audit; segmentation; how to design, prepare and implement a marketing plan; evaluation; and ethics.

## Appendix A

## **National Certificate Program in Fundraising Management**

### **Program**

The certificate program consists of 8 courses or 16 credits. All courses will be offered on campuses across Canada, and will be available via distance delivery in every region. The program was designed for staff and volunteers with (2 years recommended) experience in the non-profit, charitable sector. The collegial learning strategies emphasized throughout the curriculum would be enhanced by learners who meet this requirement.

Distance education courses allow independent study to fit individual student' schedules and provides access for those in communities unable to offer on-campus classes. On-campus, classroom courses emphasize group discussion, case studies and other activities which support the comprehensive course materials developed for use in either delivery mode.

Participants may register for individual courses. There is no requirement to complete the entire certificate program.

### **Curriculum\***

This Program is designed to give students an understanding and working knowledge of the principles and techniques of fundraising, as well as enhance the managerial skills required to design, plan, implement and evaluate a successful fundraising program.

#### **Applied Marketing for Fundraisers**

Covers the concepts of marketing for non-profits and the relationship between marketing and fundraising. Includes the concept of a transaction between the donor and the organization; an overall marketing strategy; developing a fundraising marketing plan; creating an effective marketing communications strategy; public relations and implementing the marketing process.

#### **Information and Financial Management for Fundraising**

Addresses the relationship between information management and fundraising; forms of creation, control and use; computers and fundraising; differences between for-profit and non-profit management; types of budgets and the budget process; internal controls; financial statements and reports for evaluating fundraising performance. Also

covers handling restricted funds; membership dues; grants; gifts-in-kind; gifts and bequests; special events; and donated services.

### **Overview of Fundraising Management**

Covers a variety of issues and topics related to fundraising, such as the importance of fundraising; donor behaviour; government, corporate and foundation support; the roles and responsibilities of fundraisers and consultants; fundraising as a profession.

### **Strategic Management of Fundraising Campaigns**

Develops strategies for selecting and implementing a successful fundraising campaign. Deals with annual and capital campaigns; feasibility studies; case statements; campaign goals; budgeting; scheduling; donor prospecting and cultivating; campaign organization and post-campaign procedures.

### **Fundraising Approaches I and II**

**Fundraising Approaches I:** Organizational assessment, environmental and needs assessment are highlighted in forming the groundwork to a fundraising program. Focuses on current and prospective donors - who they are, why they give, how they give and what they expect in return. Grantsmanship and personal solicitation are also covered.

**Fundraising Approaches II:** Surveys fundraising approaches including direct mail, telemarketing, special events, corporate sponsorship, planned giving, silent collectors, memorials and merchandising. Discusses skills development and choosing appropriate approaches for particular non-profit organizations.

### **Overview to Non-Profit Management**

This course highlights the uniqueness of the non-profit, charitable sector, the breadth of its activity, and the laws which concern it. It examines the concept of effectiveness as it relates to non-profit, voluntary organizations and their management. Other topics include issues and information sources specific to the sector.

**Developing Fundraising Volunteers**

Organizations rely on fundraising, and successful fundraising programs rely on volunteer leadership and support. Volunteer management as it pertains to fundraising activities is discussed in detail, including planning, organizing, recruiting, orienting, training, supporting, recognizing, rewarding and evaluating volunteers.

\* Curriculum is currently under massive revision.



**APPENDIX 4**  
**Stakeholder Interview Lists and Guides**

## **Organizations Interviewed**

Assemblée des Centraide du Québec  
Association of Universities and Colleges of Canada  
Calgary Centre for Nonprofit Management  
Canadian Administrators of Volunteer Resources  
Canadian Association for Community Living  
Canadian Centre for Philanthropy  
Canadian Child Care Federation  
Canadian Conference of the Arts  
Canadian Council for International Cooperation  
Canadian Council on Social Development  
Canadian Environmental Network  
Canadian Health Care Association  
Canadian Parks and Recreation Association  
Canadian Society for Association Executives  
Canadian Union of Public Employees  
Community Foundations of Canada  
Community Services Foundation of St. John's, NFLD  
Cooperatives Secretariat, Agriculture Canada  
Dalhousie University  
Le Conseil de la Philanthropie  
National Society of Fundraising Executives  
National Voluntary Organizations  
Ryerson Polytechnic University, Continuing Education  
The J.W. McConnell Family Foundation  
Trillium Foundation  
Volunteer Canada  
Wild Rose Foundation February 27, 1998

First ~ last ~  
Title ~  
Org ~  
Address ~  
City ~, Pr ~ PC ~

Dear sal ~ last ~:

I am writing to request your participation in a project to assess the feasibility of a federal government human resources initiative for the nonprofit sector. The Canadian Centre for Philanthropy and Canadian Policy Research Networks have been contracted by Human Resources Development Canada to evaluate whether or not they should conduct a Human Resources Sector Study for the nonprofit sector.

An HRDC sector study would examine human resource issues for the nonprofit sector (or selected subsectors), build consensus among stakeholders on solutions to identified problems and set the stage for coordinated action. A fact sheet that describes HRDC Human Resource Sector Study initiative in some detail accompanies this letter.

We are obtaining the views of nonprofit sector leaders to determine the level of interest within the nonprofit sector for a Sector Study and identify the types of opportunities and challenges that such a study might face. *Your organization is one of a small number that have been chosen to represent the views of nonprofit sector organizations.* Your opinions are very important and the success of our study depends upon your participation. We would be grateful if you could take ten to fifteen minutes to speak with us.

*Sandra Bozzo, a Research Associate at the Centre, will be calling you in the next couple of days to arrange a time that is convenient for you to share your views on this topic.* If you have any questions or comments, please feel free to contact either myself (416-597-2293, ext. 226) or Sandra (416-597-2293 ext. 235). Thank-you in advance for your help.

Yours truly,

Michael Hall, PhD  
Director of Research

## Questions for Government Agencies

**Date:** \_\_\_\_\_

**Time:** \_\_\_\_\_

**Name:** \_\_\_\_\_

**Affiliation:** \_\_\_\_\_

**Tel.:** \_\_\_\_\_

(1) Who within your department/agency (at management and/or director level) would be able to provide us with information on human resources initiatives in the Province?

**[Next level of questioning begins with (2)]**

(2) Do you know of any recent / on-going national (or provincial) initiatives addressing human resources issues (including management or workforce development issues) in the nonprofit or voluntary sector?

**[If YES, go to (3), if NO got to (8)]**

(3) Who is involved?

(4) What is the scope of the activity?

(5) What are the timeframes involved?

(6) What are the objectives/rationale for the initiative?

(7) What is the approach? What methods are being used?

(8) Can you refer us to anyone else who may be able to help us to identify human resources initiatives in the voluntary sector? **[Obtain: Name, Department, Government Agency, Address, Tel. Number, e-mail]**

**Message to Government Agencies/Departments:**

My name is 1/41/41/41/4.. I'm calling from (e.g., Canadian Centre for Philanthropy in Toronto).

We have been contracted by Human Resource and Development Canada to conduct a feasibility study.

We are trying to identify human resource initiatives in (Canada / the Province) aimed at the nonprofit sector.

We're interested in speaking with you or someone in your office.

I may be reached at 1/41/4.

I'm looking forward to speaking with someone from your office.

## Questions for Stakeholders

**Date:** \_\_\_\_\_

**Time:** \_\_\_\_\_

**Name:** \_\_\_\_\_

**Affiliation:** \_\_\_\_\_

**Tel.:** \_\_\_\_\_

- (1) Are you aware of any HR initiatives aimed at addressing the nonprofit sector issues?
- (2) Do you think an HR Sector Study would be valuable for the nonprofit sector? (Why or Why not?)
- (3) Should a HR Sector Study be conducted for the entire nonprofit sector or should it be conducted within specific subsectors (e.g., social service organizations, health organizations)?
- (4) Do you think a Nonprofit Sector Study is a good idea? (Why or Why not?)
- (5) Do you think other organizations would see value in a HR Sector Study?
- (6) What types of organizations do you think would be most likely to think this is a good idea?
- (7) What HR issues do you think a HR Sector Study should address?
- (8) Are there issues for volunteers or unpaid workers that need to be examined?
- (9) [**Preamble:** typically, sector studies bring together stakeholders in working groups or focus groups, or stakeholders are consulted through an interview process]  
If a Voluntary Sector Study were to be conducted, which organizations should participate?
- (10) Would your organization be willing to participate? (Why or Why not?)

### **Preamble to Stakeholder Interview**

(Note: a variation of this preamble was used in interviews with government agencies to identify initiatives.)

Thank-you for taking the time to share some of your views about the feasibility of a Human Resources Sector Study.

As we mentioned in our letter to you, CCP in conjunction with CPRN have been contracted to conduct a feasibility study for HRDC. HRDC is interested in assessing the level of interest in conducting a nonprofit sector study to look at human resource issues. Our study is only a first step. There is no guarantee that HRDC will conduct a sector study when we are done, but we value your opinions and would like to relay them to HRDC. (I think I should mention that we won't be attributing any comments to anyone specifically, so please feel free to be as honest as you like).

Before we start, it might be helpful if I spent a moment to outline what a Human Resources Sector Study might involve.

First, a sector study uses a cooperative approach to developing a human resources development strategy. It involves consultations with stakeholders and attempts to build consensus about solutions to human resource issues. The Sector study process begins with interviews with sector representatives to identify the issues to be examined and the terms of reference for the study. Then, under the direction of a steering committee, a contractor is usually hired to gather information on human resource issues using, for example, interviews, focus groups case studies or surveys. The research is generally focused on examining the impact of changes in technology and the business environment on human resource issues such as future employment, skill levels, and training needs.

Sector studies in other industries have lead to a number of results. For example:

- The development of skill and occupational standards (e.g., to link educational programs to work in the sector);
- Upgrading programs (e.g., to improve skills and build essential skills);
- The development of programs to identify and prepare new people for work in the sector (e.g., through developing internships for youth);
- and improved career information to help attract the right people to the right jobs (e.g., through developing profiles on what skills are needed for which occupations, or through developing ways to determine which skills can be applied to which positions).

## **Sector Study Experts Consulted\***

Derwyn Sangster

Terry Lister

## **Sector Study Experts Interview Guide**

(Clarify that there has been no decision by HRDC to undertake a sector study)

Asking for advice in addressing challenges posed by sector studies:

1. Challenges of definition: have you ever been involved in sector studies where the universe was difficult to define in terms of organizations? Have there been sectors where it was difficult to get at all of the workers (in this case, paid versus unpaid, or formal versus informal)? What kinds of strategies were used for getting around this?
2. Are there particular challenges associated with defining a sector on the basis of its subsectors or sub-regions? Urban/rural? Any comments with regard to this practice?
3. Methodology: In the case that you worked on a universe that was difficult to define or where there was not an official list of its members from Government statistical sources, how did you go about building a sample frame?

Is there precedent for doing a pre-sector study, which would involve the development of a definitional and classification system for the voluntary sector Canadian context, and/or a hypothesis of a taxonomy of organizations by working attributes and conditions, would define the subsectors to be included, determine methodologies for getting at them – the pre-sector groundwork that could be used for HR issues study but also for baseline data collection of any kind for the sector.

4. What are the challenges that are typically faced in the development of an "action plan" -- a plan that highlights the major issues that would be addressed by a sector study, lists the practical outcomes that might flow from such a report, and states which actor(s) would play the role necessary to champion this action plan for the sector?
5. Strategies/indicators for determining whether you have the necessary support from sector stakeholders to proceed?

\* Susan Galley, Ekos Research Associates, was also consulted as an expert on methodology for surveying the nonprofit sector.

**APPENDIX 5**  
**Information on Government Initiatives and Research-in-Progress**

## Information on Ongoing HR Research Initiatives

Information on ongoing research initiatives are presented below, categorized by scope (i.e., national, provincial or international). For each research initiative information is provided about: the nature of the study, research methods employed, the funding source(s), the timeframe involved, and principal contact(s).

### National Research

**(1) Project Title:** *Emerging Social, Economic, and Political Pressures on Volunteerism: Implications for Volunteers, Communities, and Non-Profit Organizations.*

**Project Description:** Volunteerism has been referred to as a “cure-all to keep society functioning in a world of restraint” (MacFarland, 1996: B11). This method of coping appears to be prevalent in communities and non-profit organizations which have volunteers do work which used to be done by paid workers, or might be done by paid workers when the economy recovers. The public sector seems to be encouraging voluntarism – in schools, health care, food banks, etc. – as a way to shore up what is left of some public services or as part of a strategy for social change.

Statistics Canada published a report on volunteerism in 1987, describing the characteristics of Canadian volunteers, and the nature and level of volunteer activity. A decade later, it is time to review how social change (e.g., shifting demographics, labour force participation of women), economic change (e.g., unemployment, recession), and political change (e.g., deficit reduction, reduction in public funding of agencies, reduction in transfer payments) have affected volunteers, communities, and non-profit organizations. Little is known about the effects on the providers and receivers, the impact on communities and the economy, and the long term consequences. To date, two conference papers, based on a review of the literature have been presented.

MacFarland, J. (1996), “Volunteerism”, *Globe and Mail*, January 4, p. B11.

**Beginning:** May 1997

**Completion:** Fall 1998 (this phase)

**Contact:** Rosemary Polegato, MBA, Ph.D., Commerce, Faculty of Social Sciences, Mount Allison University,

**Funding:** Project funded by “Aid to Small Universities Grant” (SSHRC).

**(2) Project Title:** *Work in the Nonprofit Sector*

**Project Description:** The Work Network at the Canadian Policy Research Networks has been exploring avenues for quantifying and understanding work or labour market issues in the Canadian nonprofit sector. Issues of interest include the current and changing role of the nonprofit sector as a place of work (paid or unpaid), human capital formation, and/or career development/transitions. They have been exploring possibilities for collecting data from existing surveys, and have been testing a survey methodology to measure whether respondents have paid work in the nonprofit sector. The vehicle being used for this test is the "Rethinking Government" survey carried out by Ekos Research

Associates. Other avenues for understanding work in the nonprofit sector, such as case studies, are being considered.

**Beginning:** Fall 1997

**Contact:** Katie Davidman, Research Assistant, Canadian Policy Research Networks

**Funding:** internal CPRN-Work Network funds

**(3) Project Title:** *Feasibility Study for a Centre for Governance, Leadership and Management in the Voluntary Sector.*

**Project Description:** The research sought to determine the feasibility of a centre to offer teaching, capacity-building and research services to the voluntary sector, with a focus on governance, leadership and management. The Centre would be a Canadian institution, lodged at Carleton University's Faculty of Public Affairs and Management and would be jointly sponsored by the University of Ottawa and the voluntary community itself. It would have its own governing board. Its agenda and its publics would be international, national, and local. It would be financed by fees, grants, contracted research and in-kind sources. The consultants for the study (SMC Management Services, Inc.), used a variety of techniques: literature review, individual and group interviews, workshop-style consultations. The study has been funded by non-government, government and university sources.

**Beginning:** June-October 1997

**Contact (s):** John Saxby, Ph.D., Consultant, SMC Management Services Inc.

**Funding:** HRDC, Office of Employability and Social Partnerships; International Development Research Centre; Carleton University; University of Ottawa, Faculty of Social Science, Centre for Study of Training, Investment and Economic Restructuring (Carleton University); United Way of Central Canada; Aga Khan Foundation

**(4) Project Title:** *Responses of Women's Voluntary Organizations to the Changing Social Political And Economic Environment*

**Project Description:** Women's voluntary organizations have long played an important role in women's lives. This research offers insights into the implications of changing socio-economic policies on women's voluntary organizations. Since the mid-1980s there has been a creeping erosion of the welfare state in Canada, as funding to voluntary organizations has been drastically decreased. While women's organizations make up a significant proportion of the voluntary sector, and women make up more than half of Canada's volunteers, little work has been done on documenting how the leaders of these organizations perceive and interpret these changes. It is not valid to generalize from the sector as a whole to women's voluntary organizations, because they are more dependent on government funding and because they are perceived to have less prestige, they have fewer alternative funding sources available. Thus they are more vulnerable in times of government cutbacks.

In-depth interviews were conducted with 35 executive directors or presidents of women's voluntary organizations across Canada. At least 2 organizations from each province were sampled.

Organizations ranged in size from 6 members with no funding from any sources, to organizations with thousands of members and budgets of 2 million to 10 million dollars, from diverse private and public sources. On average, annual budgets ranged from \$100,000 to \$600,000. The in-depth interviews, lasting about an hour each, probed how these organizations were reacting to the changing social, economic and political realities in their provinces. In addition, background information about the organization was acquired.

The findings indicate that organizations are making changes as a result of the shift in the division of responsibility between the government and the third sector. Some are in reactive crisis mode, and focus on survival by adopting cost cutting measures, including reductions in services, activities, and/or staff. Other organizations are using the funding crisis as a catalyst for longterm strategic planning. Most organizations admit that the funding cuts are forcing them to become more efficient and accountable. Regardless of the immediate response to the external situation, all organizations see collaboration and partnership as a key operational strategy in the future. All have formal or informal links with other organizations through which they share information, and often resources as well. Although there is a sense of increased competition for scarce dollars, the favoured solutions do not focus on competitive strategies. Rather, collaboration is held up as the ideal.

**Beginning:** August 1997

**Completion:** December 1997

**Contact:** Dr. Agnes Meinhard, Associate Professor of Organizational Behaviour, Director, Centre for Voluntary Sector Studies, Faculty of Business, Ryerson Polytechnic University

**Funding:** SSHRC – Women’s Voluntary Organization Project; internal Ryerson funding

**(5) Project Title:** *Estimating the Value of Volunteer Time*

**Project Description:** Using an economic framework to value volunteer time in the Canadian economy. Determining the variability between Canada and the US. Applying Canadian statistics to an existing framework. Analysis of Revenue Canada and Statistics Canada data.

**Beginning:** January 1998

**Completion:** Summer 1998

**Contact:** Jason Clemens, Policy Analyst, The Fraser Institute

**Funding:** part of a non-profit project funded by the Donner Foundation

**(6) Project Title:** *1998 Survey of Compensation & Benefits in the Canadian Fundraising Sector.*

**Project Description:** This is a joint project of Canadian Fundraiser and 7 Canadian chapters of the National Society of Fundraising Executives. Over 10,000 surveys have been distributed to various parts of the nonprofit sector and the survey is also available on-line at ([www.charityvillage.com/charityvillage/banmain/frquest.html](http://www.charityvillage.com/charityvillage/banmain/frquest.html)). Through the survey information is being collected on qualifications, training, educational background, nature of employment (such as full time, part time or self employed, type of position, and activities carried out), compensation and

benefits, and organizational information. A summary of the survey results will be in the first issue of "Canadian FundRaising Review" this spring 1998.

**Completion:** Spring 1998

**Contact:** Tim Hillborn, Editor, "Canadian FundRaiser", (416) 696-8146.

**Funding:** internal

**(7) Project Title:** *Surveys on members' salaries and benefits.*

**Project Description:** Canadian Administrator of Volunteer Resources conducts provincial surveys regarding members' salaries and benefits.

**Completion:** on-going

**Contact:** Pat Gillis, President, Canadian Administrators of Volunteer Resources, (604) 875-2143.

## **Provincial Research**

### **Alberta**

**(1) Project Title:** *The Urban Francophone Volunteer*

**Project Description:** This study, using qualitative methodology, systematically explored the roles and lifestyles of French-speaking volunteers and the contributions they make to maintaining and advancing the French language and francophone culture in Calgary and Edmonton. Its aim was to generate grounded theory on volunteering by key volunteers in dominantly anglophone cities in Canada. Semistructured interviews were conducted with 44 respondents in the two cities. They were preceded by the author's three years of participant observation. Social science has paid scant attention to the big-city francophones outside Quebec, whether they reside in Canada or the United States, whether they volunteer or do something else. Moreover, people who volunteer in grassroots organizations have received little scholarly attention.

**Beginning:** October 1996

**Completion:** September 1997

**Contact:** Robert A. Stebbins, Sociology, University of Calgary, Dept. of Sociology, University of Calgary

**Funding:** SSHRC – Small Research Grants (administered by University of Calgary)

**(2) Project Title:** *Survey and Strategic Planning Project for Volunteer Alberta*

**Project Description:** This is a project involving 14 volunteer centres in Alberta and a control community. The overall goal is to develop a 3-year plan to build the capacity of volunteer centres. The project incorporates an administrative survey, a public survey and a strategic planning process. The administrative survey is to be distributed to all volunteer centres, and the public survey will be distributed to a statistically valid number of members of the public one week following volunteer week. The study will rely mainly 2 surveys and workshops. Volunteer centres are being asked to

relay information on what they do, what they see as the future of volunteer centres, and what the issues are in their communities. The information being requested from members of the public relates to where volunteer centres are at now and where they need to be to foster volunteerism in Alberta's communities. The study will produce: provincial survey data, community survey data, a strategic issues paper, and a final strategic planning report.

**Beginning:** March 1997

**Completion:** June 1998

**Contact:** Glynis Thomas, President, Volunteer Alberta (403) 460-1365; and Shelley Borowski, Executive Director, Volunteer Alberta (403) 231-1449.

**Funding:** The project is being funded by the Wild Rose Foundation.

**(3) Project :** University of Calgary's proposed study on Volunteer Centres on campus. In proposal stage and currently being considered for funding.

**Contact:** Cheryl Hayes, University of Calgary.

**(4) Project Title:** *The Muttart Foundation's study on compensating staff in nonprofits.*

**Project Description:** The Muttart Foundation has contracted KPMG to conduct the compensation study, with funding coming exclusively from the Muttart Foundation. The scope of the compensation study is Alberta and Saskatchewan. The study will examine three positions in the agencies surveyed: CEO/Executive Director; non-clerical level, Assistant Executive Director or management; and Volunteer Managers. The aim is to generate information on compensation (i.e., salaries and benefits, incentives and bonus payments) being paid to nonprofit staff. Approximately 1000 surveys are being mailed to agencies, all of which are operating charities, excluding hospitals, Boards of Education, universities, and private and community foundations. The product will be a report with wide circulation.

**Beginning:** May 1998

**Completion:** September 1998.

**Contact:** Bob Wyatt, Executive Director, the Muttart Foundation, (403) 421-0261.

**Funding:** The Muttart Foundation

**(5) Project Title:** *1997 United Way of Calgary Community Service Agencies Survey of salaries and Human Resource Practices.*

**Project Description:** The United Way of Calgary in conjunction with a core group of agency Executive Directors (from Catholic Family Services, Canadian Mental Health Association, Calgary Immigrant Aid, Boys and Girls Club, and the Calgary Birth Control Association) agreed to be the main sponsors of a study to examine salaries and benefits in health and social service agencies. This core group worked to design the methods and scope of the study. Informal outreach and marketing was then conducted to promote the study among health and social service agencies in the Calgary area. Data was collected between October and November 1997 and a report was produced December 1997. 34 agencies responded to the survey. A follow-up meeting is being planned for the near future.

The main goal of the project was to establish current competitive practices for salaries and benefits / bonuses and human resource practices (including for example, vacation entitlement, overtime entitlement, hours of work, provision of a motor vehicle, and pension benefits). The survey was aid at 15 categories of jobs from executive director level, finance, and information systems to service providers and administrative level. For example, years of service and educational background were used as indicators of salaries of professional service providers. In the final report, information in the form of summaries and tables are provided for each of the job categories on salary ranges, actual salaries, and total cash compensation or benefits.

**Beginning:** October 1997

**Completion:** December 1997

**Contact:** Peter Boland, Consultant, (403) 217-0655; Frank Johnson, United Way of Calgary, (403) 231-6269.

**Funding:** The funding for the study came from participants.

## **British Columbia**

**(1) Project Title:** *The Transformation of the Voluntary Sector: From Grassroots to Shadow State*

**Project Descriptions:** Project Objective: to assess the effects of the privatization of government social services on the non-profit sector in British Columbia. These effects were examined in the following areas: (a) services provided, (b) organizational structure and process, (c) funding sources, (d) staffing and volunteers, (e) accountability to the community, (f) relationship with government, (g) relationship with other non-profit organizations, and (h) advocacy. Method: Case study of fifteen voluntary agencies in BC. Case studies involved the amalgamation of two sets of data:(i) Key informant interviews (average of 15 per voluntary agency)(ii) Board Minutes from each of the agency.

**Beginning:** 1992

**Completion:** July 1997

**Contact:** Dr. Jo Rekart, Discipline, Urban Planning/Urban Sociology, Pacifica Resources Inc./Rekart & Associates

**(2) Project Title:** *Volunteering Toward Work - A Program Feasibility Study*

**Project Description:** This study explores the viability of a program that would use volunteering in the non-profit sector as a form of work experience. The design articulated a data gathering strategy with five components: a literature search, three surveys, and interviews with a wide range of people with relevant expertise. The survey design was developed in consultation with representatives from Volunteer Victoria, Human Resources Development Canada and selected individuals.

**Beginning:** April 1997

**Complete:** June 1997

**Contact:** James Pratt, James Pratt Consulting

**Funding:** HRDC – LLMP Program

## **Manitoba**

**Project Title:** *The Non-Profit Sector In Manitoba: An In-Depth Examination*

**Project Description:** The project examines the input and output of Manitoba's non-profit organizations (NPOs). While several resources are considered, the focus is on government funding and volunteer labour. Through a sample of 500 Manitoba NPOs, data will be collected to answer questions ranging from "What is the extent of the Manitoba NPOs' dependence on government funding?" to "How much labour is donated to NPOs in Manitoba?" to "What is the value of the labour donated to NPOs in Manitoba?" Our target populations are Manitoba NPOs and their volunteers. Demographic factors are expected to play a large role because of the diversity of the province.

**Beginning:** September, 1997

**Completion:** July, 1998

**Contacts:** Dr. Laura Brown, Assistant Professor, Dr. Costas Nicolaou, Professor, Dr. Elizabeth Troutt, Assistant Professor, all at: Department of Economics, University of Manitoba

**Funding:** Kahanoff – Nonprofit Research Initiative

## **Newfoundland and Labrador**

**Project Title:** *Third Sector Study*

**Project Description:** This is a project involving the Community Service Council of St. John's, HRDC, Human Resources and Employment of Newfoundland and Labrador. Nonprofits throughout the Province are being surveyed. The study was initiated in response to recommendations of a social policy advisory committee. The study aims to address government cutbacks to nonprofits and the issue of unemployment. The nonprofit sector is being viewed as a sector in which jobs could potentially be created. The study will explore what it would take to get the sector to flourish in the Province. The study focuses on attributing the economic value of activities to the sector. The aim is to identify the amount of revenues being generated by nonprofits, and to encourage nonprofits to release revenue information. The study uses roundtable discussions, a survey, and an analysis of secondary data from Revenue Canada. A database of organizations in the province is being developed.

**Beginning:** September 1997

**Completion:** March 1998, with a report by the end of April 1998

**Contact:** Newfoundland & Labrador, Community Service Council of St. John's

## **Ontario**

**(1) Project Title:** *Developing a "Management in the Non-Profit Sector" Certificate Program*

**Project Description:** Having assessed the need for a fundraising curriculum, the College began developing a new fundraising curriculum program. Two hundred non-profits and 200 past students

of the program were surveyed. The resultant curriculum was tailored to the assessed needs of the agencies and reflected the concerns that past students had with the program. Mohawk College continuously updates its program to reflect changes in the nonprofit sector.

**Dates:** On-going.

**Contact:** Pat MacDonald, Program Coordinator, Faculty of Continuing Education – Applied Arts, Mohawk College of Applied Arts & Technology

**Funding:** internal, part of program development

**(2) Project Title:** *Coping with Rapid Change: Contributions of Personal Factors, Work Environment, and Organizational Supports to Workers' Adaptation and Work Status.*

**Project Description:** This is a case study of the effects of changes on the staff of a large teaching hospital, the physicians on staff of the hospital, patients and community physicians. Methods used include surveys at 3 time periods, focus groups with staff and physicians and diaries by workers.

**Beginning:** April 1996

**Completion:** October 1998

**Contact:** Dr. Christel A. Woodward, McMaster University, Department of Clinical Epidemiology and Biostatistics

**Funding:** SSHRC; Hamilton Hospital Corporation

**(3) Project Title:** *Changes & Challenges in the 1990s: A Study of Social Planning Councils in Ontario and Their Volunteers*

**Project Description:** This study will take an interdisciplinary look at the impacts of government and community change upon the Social Planning Councils (SPCs) in Ontario, and the changing relationship between the SPCs and public and private sector organizations. The goal of the study will be to understand how these changes affect the ability of the SPCs to act as vehicles for effective social change. Emphasis is placed on understanding the changes occurring internal and external to the SPCs (i.e., changes in government policy, funding sources, and the way the SPCs have responded with respect to staffing, decision-making, fundraising and partnerships), and the effect of these changes on the capacities of the SPCs and their volunteers. An important piece of this puzzle lies in looking at the impacts these changes have on the motivation and ability of citizens to continue on in volunteer roles.

Research will be conducted in two main phases. First, a survey of the SPCs in Ontario will be conducted. This survey is a follow up to the "Ontario Community Planning Survey" conducted by the Ontario Social Development Council in 1992. The focus of this survey was on: organizational structures, programs and committees, volunteers, staff, funding sources, and issues of accountability. In addition, the final portion of this survey will be incorporated into a two round Delphi process. The focus of the Delphi will be on changes occurring in the external and internal environments of the SPCs. Second, 3 SPCs (1 rural, 1 urban, and 1 mixed rural-urban) will be studied in depth. Qualitative interviews will be conducted with members of each SPC to examine the impacts of specific changes and challenges identified in the survey.

The literature supporting this study is drawn from public administration, political philosophy, organizational theory, critical theory and the interdisciplinary literature on voluntary associations.

**Beginning:** February 1998

**Completion:** January 1999

**Contact:** Susan Arai, Rural Planning, University of Guelph,

**Funding:** SSHRC-- Doctoral Fellowship

**(4) Project Title:** *Workfare and the Involvement of Nonprofit Organizations: Ethical Dilemmas*

**Project Description:** This project examines the theoretical underpinnings of workfare and the ethical dilemmas and tensions that arise for nonprofit organizations involved in the implementation of workfare. The particular focus is on Ontario.

**Beginning:** August 1, 1997

**Completion:** September 1, 1998

**Contact:** Lesley Jacobs, Discipline: Philosophy / Law & Society, Associate Professor – York University, Currently on sabbatical; Liberal Arts Fellow, Harvard Law School

**Funding:** currently unfunded

**(5) Project Title:** *Healthy Work Environments in Community Based Health and Social Service Agencies*

**Project Descriptions:** “Healthy Work Environments in Community Based Health and Social Service Agencies” is a research project sponsored by the McMaster Research Centre for the Promotion of Women’s Health. The Purpose of the project is to examine the impact of homecare work on the health and well-being of homecare workers in three non-profit community based health and social service agencies. Homecare workers include both visiting homecare workers (nurses, therapists, and visiting homemakers), office homecare workers (managers, supervisors, co-ordinators, case managers, and other office support staff) and volunteers. The project is guided by a conceptual model in which five sets of factors are seen to influence the health and well-being of homecare workers: external/social structural factors; organizational/managerial factors; client factors; occupational characteristics; and individual/personal factors. The project utilizes participatory action research. Research is defined and guided by a Community Agencies Steering Committee consisting of MRCPOWH researchers and upper level managers from the agencies. Methods include 16 focus groups with 99 paid homecare workers, 2 focus groups with 22 volunteers, a survey of 892 paid homecare workers and a survey of 335 volunteers.

**Contact:** Dr. Margaret A Denton, Discipline: Associate Professor of Gerontology and Sociology and Principal Investigator, McMaster Research Centre for the Promotion of Women’s Health, McMaster University, Office of Gerontological Studies

**Funding:** This project is funded by the Social Sciences and Humanities Research Council of Canada under the thematic theme “Women and Change”, Health Canada, and the Social Sciences and Humanities Research Council through their support of the McMaster Research Centre for the Promotion of Women’s Health.

## **International Research**

### **(1) Project Title:** *A Contextual Exploration of a Social Ambiguity: Who is a Volunteer?*

**Project Description:** The term volunteer is used too broadly in denoting nonsalaried service. Researchers expanded a previous analysis of volunteers by introducing and exemplifying the concept of the net cost of volunteering. Researchers developed a 21-item instrument and asked 514 respondents to assess the extent to which each item represented their perceptions of a volunteer. The objectives of this new study are fourfold:

- (11) To identify whether an individual's social and economic status influences people's perception of this individual as a volunteer for a given activity.
- (12) To identify whether people's values influence the way in which they determine who is a volunteer.
- (13) To assess the power of the net cost concept in explaining public perception of who is a volunteer.
- (14) To assess whether geographical locations influence the way in which people determine who is a volunteer.

**Beginning:** January 97

**Completion:** December 98

**Contact:** Femida Handy, Faculty of Environmental Studies, York University

**Funding:** SSHRC – Small Grants Program

### **(2) Project Title:** *The Wage Differential Between Nonprofit Institutions and Corporations: Getting More by Paying Less?*

**Project Description:** Lower wages in nonprofits may reflect a successful policy of generating trust by causing positive self selection in managerial employees of nonprofits. In this way, nonprofits resolve a major principal-agent problem. Our paper ties in three aspects of nonprofit institutions. First, nonprofits often emerge in markets which are characterized by asymmetric information and the need for consumer trust. Second, nonprofits tend to pay their employees, and especially managers, a lower wage than for-profits. Third, managers of nonprofits have very different characteristics from their counterparts in the for-profit sector.

**Contact:** Femida Handy, York University, Faculty of Environmental Studies,

**Funding:** Faculty of Environmental Studies, York University

### **(3) Project Title:** *Trends in the Voluntary Sector in the UK & Canada*

**Project Description:** This study seeks to explore the trends in the voluntary sector which might be attributed to a changing political economy. Space does not permit a full elaboration of the latter, but it includes an ideology of a minimalist state and the expectation that, among others (i.e., the "informal" sector & the for-profit sector), the voluntary sector would pick up the slack left by state withdrawal, and/or would act as subcontractor to the state in a purchaser-provider relationship in

contracting for previously state delivered services. The voluntary sector in this study is that subgroup which delivers social welfare services domestically. The dependent variables examined which may also be thought of as challenges for the organization and its managers are: revenue seeking, labour and management practices, and programs.

The primary source of data is key informants - those experiencing the phenomenon (senior managers of voluntary sector social agencies.) Data is supplemented by document reviews (annual reports etc.) of the participating agencies with a sample of others added, and some use of secondary sources and larger data basis (such as Hendersons Top 2000 for the UK). Much of the data is therefore qualitative, although some attempt is made to determine revenue trends in quantitative terms. Structured Interviews are the major tool, necessitating small sample sizes.

This has already occurred in the UK using a sample from the Bristol area. Some reporting of this is completed much of which is contained in two articles currently under review for publication. The Canadian phase will begin in early 1998 and the interview data will likely be confined to Manitoba.

**Beginning:** 1995

**Completion:** 1999

**Contact:** Peter Hudson, Faculty of Social Work, University of Manitoba,

**Funding:** This research is currently unfunded.

**APPENDIX 6**  
**Snowball Sampling Technique for the Nonprofit Sector**

## **A Snowball Technique for Identifying and Measuring the Nonprofit Sector**

The sampling strategy proposed rests on three assumptions; it is claimed that these are the most reasonable under circumstances where we do not know much about the contours and characteristics of the voluntary sector, and where we would rather include as many relevant organizations as possible, while retaining the option of adjusting the surveying effort to whatever types or organizations are considered most worthy of study, on definitional as well as on practical grounds.

### *First assumption*

In the absence of a list of the population of third sector organizations, it is currently very difficult, or even impossible, to define a strategy through which we would obtain a truly random sample, that is, a sample where the selection probability for any member of the population would be known. We should accept a sample which would satisfy the condition that the distribution of the sampled units with respect to key variables differentiating between types of third sector organizations would be similar to the distribution of such organizations in the population we want to describe.

### *Second assumption*

There is a core of third sector organizations that deal exclusively with the furthering of social ties through giving and sharing activities (see Table 2). Extending from that core, though, there are activities of third sector organizations that are aimed either at gaining political support for certain causes, or at procuring economic support for core activities. On the other hand, there are also activities furthering social ties that are performed by economic organizations and the State, in conjunction with third sector organizations. We should be sampling broadly, picking up all organizations involved in such activities, within and outside the core of the third sector.

### *Third assumption*

Given the second assumption, most activities in and around the third sector will involve joint activities and co-operation of such organizations with other organizations, in the economic, the political and the third sector. We should in fact assume that organizations that do not entertain such interactions and co-operation are so rare that they are not of real concern to us, or, even, that they are out of scope from a definitional point of view, because third sector action cannot entail isolated action by and within only one organization.

We can use these assumptions to construct a snowball sample. We can query an initial set of third sector organizations about the other organizations they interact with in their activities, thus accessing a second generation of organizations. This initial set should be constructed from as diverse a set of lists of third sector organizations as possible (CCP, books, Revenue Canada lists of charities and of organizations that are exempt of GST for such a reason, recipients of grants from the United Way, etc.). This would prevent us from exploring, through the snowballing process, just a limited corner of the third sector organizations; initial diversity will maximize our chances of moving between the various types of such organizations.

If we are careful to gather information from the first and, when possible and appropriate, from the second generation of such organizations about their characteristics, we can locate them in a multidimensional matrix describing approximately, for each one: its size (budget, members or

volunteers, employees), its sector of activity, its geographic area of action, whether it provides mutual benefits to members or rather services to a larger population, etc.. The variables used should at once be informative from the point of view of our objectives, as well as readily and quite accurately identifiable by the name providers.

As we proceed, through snowballing, to a third, a fourth, and other generations of organizations, we can attain a point where the proportional distribution of these organizations in that matrix stabilizes, that is, it does not change in any significant way from one iteration to the next. We can then take for granted that the reason behind this stabilization is that we have attained the true proportions of such organizations in the population of all third sector organizations. We then have a representative sample in the sense described under the first assumption, without the need to exhaust the snowballing process and reach the total population of third sector organizations.

This procedure excludes, as stated in the third assumption, the isolated third sector organizations, but it does represent the wide range of forms that third sector activities are taking, within third sector organizations as well as in political and economic organizations whose actions are to some extent directly related to third sector organizations.

From that point on, one can sort out this sample of third sector organizations according to variously inclusive definitions of what is the third sector, and survey them according to need. One can also (disproportionately) sub-sample the set of various organizations included in the various cells of the matrix, using selection probabilities that emphasize either the number or organizations involved, or the number of employees, the number of volunteers, the budget, and so on.

While the procedure described above is the safest possible one from the point of view of inclusiveness, a modified strategy would probably be more appropriate in order to prevent the sampling procedure from bringing in too many organizations that do not really belong to the targeted universe. The modification would consist in sorting out the organizations brought in at each generation according to whether they belong to the voluntary sector or not. The ones that fail the test could either be discarded, or only kept as providers of further links, without belonging to the sample themselves. The sorting out could be done as names and characteristics of new organizations are provided by the previous generation; but we would thus run the risk of discarding organizations that do belong but are not perceived accurately by the name providers. A more prudent --but also more costly-- strategy would consist in sorting out organizations only after they have been contacted and have had a chance to provide a self-description that would be assessed with more assurance by the field workers and the researchers.

The procedure, even when modified, certainly entails important costs, as well as some amount of uncertainty to the extent that we do not know how many generations will be needed before the stabilization of the distribution on various parameters is attained. This being said, there are three major advantages to it. First, it is far more rigorous than usual procedures, even those used in the Johns Hopkins International Comparative Study; in particular, it does not depend crucially on the institutional context of each society, provided one can get a hold of a number of differently constructed initial lists.

Second, this procedure produces, besides the usual descriptive variables about the organizations sampled, precious information about the network of other organizations, within and without the third sector, with which they cooperate. This provides not only rich information about the contextual characteristics of each organization, but also an actual, if partial, network of such organizations, which

can be analyzed with the tools and concepts of network analysis: connectivity, clusters and blocks, reciprocity, etc.

Third, the procedure brings in information gradually, as one moves from generation to generation of organizations. The analysis can thus proceed as the sample is developed, and its preliminary results can feed back into the sampling process, especially as far as sorting criteria are elaborated for what is in and what is out of the sector. While this is unusual, since standard samples are typically defined in advance, it represents an advantage when one wishes to advance with rigorous procedures on a terrain that is not known a priori.

Since third sector organizations face increasingly important challenges as their environment is radically altered, it has been suggested that they should be followed through time, as they try to meet these challenges, succeed, or fail. The snowball sampling procedure described above could probably be combined with such a longitudinal perspective: asking organizations belonging to each generation to update the information about who they share activities with would reveal changes in the context in which these third sector organizations operate and cooperate.

