
LETTER FROM THE GUEST EDITOR

Don McRae

THE THEME OF THIS and the next issue of *The Philanthropist* is transition in the voluntary sector. Funk & Wagnalls Standard College Dictionary (1978) defines transition as “the act or state of passing from one place, condition, or action to another; change.” Change is always with us – even during periods of relative calm, voluntary organizations are in transition. The charitable and nonprofit sector is currently in a state of significant transition but towards what new place or condition is unclear. What is known is that much of the transition is coming from outside forces acting upon sector organizations, a situation with which the sector is all too familiar.

How did we get here? Ten years ago, the sector was in the middle of the Voluntary Sector Initiative, a vigorous and challenging relationship with the federal government. The Initiative was one of the few times that sector organizations were able to proactively organize and take some control of the agenda that affected them on a daily basis. Working jointly with the federal government, the sector was able to help steer its own course on research agenda, on information management and technology, capacity building, and charitable regulatory issues. A number of programs, such as the Canada Volunteerism Initiative, the Human Resource Council for the Voluntary Sector, and the Satellite Account of Nonprofit Institutions and Volunteering came about as a result of the Initiative’s work.

By 2005, however, the impetus had vanished and the relationship between the Government of Canada and voluntary sector had devolved into a series of bilateral relationships. Within a few years, even these relationships had broken down, with few departments continuing their work in the spirit of the Codes on Funding and Policy Development; the notable exception being the Charities Directorate of the Canada Revenue Agency, which has continued to work with sector organizations to improve its regulation of charities.

The sector continues to face a number of challenging issues on its horizon, such as the need to diversify its funding base. To address the funding issue, the sector has responded in different ways. A number of major charities have made presentations before the Parliamentary Standing Committee on Finance to suggest changes to tax incentives for charitable giving. Organizations across the sector have been active in trying to expand revenue sources through the use of social enterprises. Individual

DON MCRAE is a retired federal public employee who spent over 30 years working with voluntary organizations. He is currently writing and consulting on voluntary sector issues.

Email: donmcræ@bell.net .

groups continue to hone their fundraising appeals and meet the needs of more sophisticated and engaged donors.

Another area of transition for the sector is in the area of human resources. Canada is experiencing the aging and imminent retirement of its baby boomer cohort. For years, sector organizations have talked about the recruitment of youth and succession planning, and now they are facing it across the board. The transitions are not always easy. Many sector leaders have been “in the business” for years and are hesitant to turn over their leadership roles to younger managers who have different styles, do not share the same beliefs in the sanctity of the organizational form, and who have an impatience with old structures and ways of doing business.

The point is that change is occurring, and that sector organizations are working to meet the resulting challenges and inevitable transitions. One of the sector’s best attributes is its ability to bring people and groups together to address issues. That is happening now. For some challenges, such as the changing needs of volunteers, the sector is meeting, sharing stories, and trying to adapt solutions that work well for other groups. For other challenges, such as the current relationship with the federal government, the sector is trying to determine the lay of the land.

At first, the election of a Conservative minority government did little to affect the sector. To be clear, there were the usual program changes and reductions that typically occur with the inauguration of a new government. In 2006, the Court Challenges Program, the Canada Volunteerism Initiative, and other programs were eliminated or reduced. Each new administration wants to put its stamp on the way things are decided and, at least on the surface, this government was no different. Since then, however, there have been a series of actions that have affected voluntary sector and Government of Canada relations in a way that is more significant than usual.

The language used to describe the sector has changed and, since the election of a majority Conservative government, the rhetoric has become more intense. Natural Resources Minister Joe Oliver has called voluntary sector groups “radicals” (Payton, 2012) and Environment Minister Peter Kent accused charities of “laundering” funds (Tory rhetoric creates chilly climate for free speech, 2012). Conservative senator Nicole Eaton started a Senate inquiry into charities by saying about the sector, “There is political manipulation. There is influence peddling” (McIlroy, 2012, para. 10). This language reflects a sea change in relations.

Many groups who have had their funding reduced or eliminated by the government were not given advance notice and were left in limbo about their funding requests for months and, in some cases, more than a year. Few of these groups received any transition funding to help them adapt to their reduced budgets.¹ The March 2012 budget not only continued to enforce these changes to the funding structure, it also created conditions that will impede any future reversal of this trend.

These are serious challenges. Is the sector helpless? No — over the years, the sector has weathered similar challenges and has emerged transformed, but still vibrant. Voluntary groups will still move forward to provide citizen-based solutions to local, national, and international problems. They will continue to check, challenge, and change their program delivery. They will propose new policy solutions based on practice, research, and evaluation. Governments and other funders will continue to support the sector because the groups are nimble, they have community support, and they address real everyday problems.

The sector is also recognizing that it has access to a number of financial resources aside from governments. Momentum is gaining for foundations and other larger charities and nonprofits to use their assets to further voluntary sector goals. Changes to tax policy over the past 15 years have increased the ability of donors to give large gifts with resources other than cash. A number of groups, such as United Way, are finding that major gifts are becoming a growing part of their funding mix. Social enterprises will continue to be seen as an alternative method of both financing and program delivery.

This issue of *The Philanthropist* looks at some transition issues with articles on hybrid organizational structures, support to innovative networks, and a reassessment of philanthropy. Two other articles take a look, from different angles, at the current relationship of the sector with the federal government.

In “Going, Going, Gone: Dismantling the Progressive State,” **Alex Himelfarb** looks at the March 2012 budget and how it continues to change the structure of the federal state. In particular, the article looks at how these changes will affect civil society and citizenship with a direct link being made to the work of voluntary sector organizations. This article provides a larger structural view of the budget and its ramifications.

In the article “Of Starlings and Social Change: Funding the Nonprofit Sector in Canada,” **Marilyn Struthers** uses complexity theory to look at the changing nature of nonprofit organizations and how some groups are working together to identify and act on change. As issues evolve, sector groups form networks using innovation and technology to create nimble solutions. The article provides guidance to funders on how to identify and support this change.

Paul Jurbala’s article “Good Forms: The New Shapes of Not-for-profit Organizations,” looks at the creation of ground-breaking organizational forms to reduce infrastructure, deliver projects with fewer hard resources, and accommodate the needs of groups to attain their goals. In some cases, the structure is created because the issue is short-term. In other cases, impatience could be called a virtue, allowing groups to take direct action on issues by outsourcing structural support that would otherwise soak up energy and resources.

Keith Seel provides a challenge to our ideas of philanthropy in “Pathological Narcissism and Philanthropy: An Examination of the Foundational Assumptions of Philanthropy.” The piece examines what happens when the ethical content of phil-

anthropy is compromised and, in the end, asks if the source of the donation can, in fact, compromise the donation.

My article, “We Can’t Get There From Here,” asks how the sector can know where it is going if it doesn’t understand where it is now. It takes a look at the history of voluntary sector research efforts and the current state of that work now. In the end, it proposes a modest research agenda.

In the “How We Account” section, we find the article “Executive Pay: Directors Need to Keep Asking (More) Questions.” **Chris Bart, Y. Lilian Chan, and Kirdaran Kanagaretnam** use recent public scandals about executive compensation to remind directors of their responsibilities in this area. The authors provide guidance on the key questions that directors need to ask about their organization to ensure that the issue of executive compensation is dealt with openly and fairly.

Sue Tardi reviews “Five Good Ideas – Practical Strategies for Nonprofit Success,” a book that contains over ninety practical ideas to assist nonprofits in improving the operations of their organizations. The book has gone to individual experts in the field to retrieve the best advice possible in seven topic areas. Another book review by **Laird Hunter** discusses “The Regulation of Organised Civil Society,” a study of regulating organized civil society that asks questions about the place of charities in civil society.

I hope this issue gives you a lot to think about, and I invite you to share with us any comments or ideas you may have about the changes that are currently happening within our sector.

NOTE

1. The October 2008 Treasury Board Directive on Transfer Payments states that federal managers responsible for preparing grants and/or contribution funding agreements should ensure that agreements include: “Provisions for termination or reduction of funding, with appropriate advance notice, in the event terms and conditions are amended or terminated or under any other circumstance deemed appropriate” (Treasury Board of Canada Secretariat, 2008, Appendix F, clause 19).

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