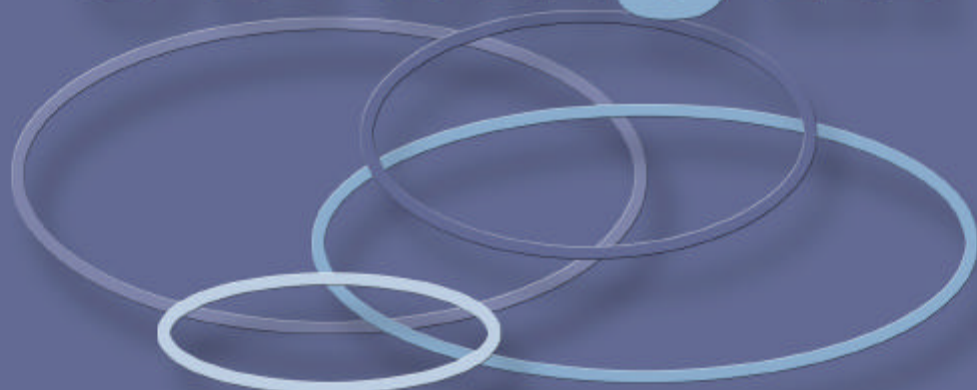


# Strength



# Under Stress

## **A Portrait of Calgary's Voluntary Sector**



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CHAMBER *of*  
VOLUNTARY  
ORGANIZATIONS

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## **Strength Under Stress: A Portrait of Calgary's Voluntary Sector**

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## Executive Summary

The contribution of the voluntary sector to the social and economic well-being of society is just beginning to be recognized and measured in Canada. This study explores the strengths and challenges of voluntary sector organizations in Calgary, and provides a snapshot of their capacity to address the issues and contribute to the quality of life in the community. It is a complement to other studies at the national level and provides information specific to the voluntary sector in Calgary.

Organizations in Calgary have many strengths which allow them to enhance the quality of life of everyone in the community. Organizations rely on committed and talented staff and volunteers to help them deliver on their missions. They have been resilient and innovative in the way they work, often in difficult circumstances. They strengthen our community by encouraging us to be more creative, to connect with each other, to get more active or to give to others less fortunate than ourselves. Despite these strengths, the sector in Calgary faces significant challenges.

The study found that organizations in Calgary experience many of the same difficulties faced by organizations across the country:

- A lack of sustainable funding, including difficulties in obtaining core funding; a lack of funding available for administration and overhead; a lack of independence and autonomy with regard to budget decisions and the need for constant fundraising.
- Human resources concerns, largely as a result of the nature of the funding they receive. These include difficulty recruiting and retaining staff as a result of an inability to pay competitive wages, high stress and workload, and a climate of uncertainty in organizations; low morale and a lack of training and advancement opportunities; and a lack of human resources expertise.
- Difficulty in finding resources to manage relationships and partnerships, with other organizations and with funders and the community.

- Inability to make long term decisions and implement strategic plans due to funding uncertainty.
- Challenges monitoring and managing information technology and maintaining physical infrastructure, due to a lack of expertise, the inability to plan and allot funds beyond the short term and the limited and uncertain nature of the available funding.

This study also suggests that the voluntary sector in Calgary displays some unique characteristics that distinguish organizations from their counterparts across the country. These include:

- Lower expectations for increased government support. Participants in this study were less likely than those in national level studies to believe that they could secure more government funding to alleviate their financial concerns. Organizations in Calgary were also more likely to explore ways to earn income rather than look to funders to extend their support.
- Strategic planning is more actively pursued and treated as a required aspect of operating for Calgary organizations. It is important to note, however, that while all the organizations in this study were active in some form of strategic planning for their organization, implementation can often be a challenge, because they do not have the financial stability to make long term decisions and commitments that are often the intent of strategic plans.
- Employees, not volunteers, are the area of greatest concern for organizations in Calgary. Issues surrounding paid staff were emphasized over those with volunteers for participants in this study. This could be due to the competitive job market as a result of the robust economy in combination with the strong volunteer spirit in Calgary.

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As Calgary continues to grow at a rapid rate, the voluntary sector is a fundamental part of the City's continued vitality and high quality of life. We need to continue to develop our understanding of the sector in Calgary as well as nationally, so the challenges that organizations face can be identified and addressed.

This study begins the process of building a complete picture of the sector in Calgary, which will allow us to better understand, appreciate and support the work of voluntary organizations in the community. It highlights widespread issues and will influence CCVO's work on a broad range of issues that are impacting the capacity of organizations and the sustainability of the sector as a whole. Next steps include expanding the reach of this type of study, especially to include organizations that are run entirely by volunteers.

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## **I. Introduction**

In Calgary, it is estimated that there are over 2,300 registered charities and approximately 4,000 nonprofit societies and grassroots organizations that work on a not-for-profit basis. Collectively, these groups comprise what is referred to as the “voluntary sector.” While the voluntary sector encompasses a wide variety of groups, with different structures and mandates, they all contribute to the quality of life of Calgary’s citizens.

Organizations are engaged in a many areas of our community, including sports and recreation programs, cultural and artistic institutions, health care and social services provision, education, advocating for the environment, and faith and religious institutions. Through their efforts, community needs are addressed and Calgary is more vital and healthy. They help those who are disadvantaged find ways to enhance their own wellbeing and participate in society. They work with children, with seniors, with new Calgarians and with ethnic groups. They help individuals get active, get creative and get engaged.

Generally, there has not been much information available about the voluntary sector. However, in recent years, there has been growth in our knowledge about the sector. Through national level research, there is more information available about organizations and their contribution to communities across Canada. It can now be stated with confidence how many groups there are across the country, as well as information about their mandates, sources of income and staff and volunteer complements. There is also information available about the challenges the voluntary sector is facing, and the issues that are impacting organizations’ ability to achieve their goals. This information at the national and provincial levels is significant, but there is still an information gap at the local level. While the NSNVO and other recent work can be broken down to a provincial level, they will not be able to tell the story of the sector at a municipal level. This leaves a lot of unanswered questions. Does Calgary follow the patterns we see nationally? Do organizations here experience the

same issues as the organizations nationally or is there something different about Calgary?

This study was undertaken to complement national level studies that have recently been completed on the voluntary sector in Canada. Its purpose is to provide a snapshot of the sector in Calgary. It is a qualitative study, based on in-depth interviews with representatives of organizations across the spectrum of the sector.

The main themes that emerged were that voluntary and nonprofit organizations in Calgary have significant strengths, including the support of volunteers and donors, dedicated staff and strong relationships with governments and the business community. However, they are also facing significant challenges that are affecting their ability to serve the ever growing needs of Calgary’s rapidly increasing population. Financial capacity and funding issues are paramount. There is a lack of funding available to support the core operations of the organization, which in turn limits the staff’s ability to serve the community. Most organizations now sustain themselves through a patchwork of short-term, program-specific contracts that create a host of challenges, including human resources struggles with volunteers and paid staff, and infrastructure issues.

This study found that the experience of organizations in Calgary is quite consistent with the national level data. However, organizations here have lower expectations for government support and rely more heavily on earned income. Strategic planning appears to be more routine and expected for organizations. Finally, in Calgary, employee-related concerns were more significant than those involving volunteers.

The issues raised by the study participants reflect ongoing and serious challenges faced by the voluntary sector. The goal of this study is not simply to get more money or make life easier for those working in nonprofits and charities. Instead, with a better understanding of the challenges organizations face and how Calgary is different, we can ask questions about why things are the way they are, and how we can begin to alleviate the

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challenges these groups are facing, to help them more fully focus on their missions and improve our community and quality of life.

## **II. Overview of the Study**

This report reflects the themes and issues that were identified in interviews conducted with leaders in a cross section of voluntary sector organizations in Calgary. The study provides a snapshot of the sector and highlights the strengths and challenges of charities and nonprofits. The findings presented are the perception and opinions of those who participated in the study.

## **III. The Voluntary Sector: What do we know?**

The term “voluntary sector” is used to describe a broad range of groups that contribute to the social, economic and physical well being of the community. These groups are organized, operate institutionally separate from government, are non-profit distributing, self governing (their activities are not controlled by another business or government), and have a “significant degree of voluntary participation” (Banting, 6). If an organization has a Board of Directors, it must be comprised of volunteers, and groups may or may not use volunteers in their operations. The terminology used to describe the sector is often debated, and the sector is often referred to as the nonprofit sector, the third sector, the independent sector, the charitable sector or civil society. For the purposes of this paper, the term “voluntary sector” will be used.

The organizations that comprise the voluntary sector are not a new phenomenon. Churches and other community-based and service groups have undertaken work to improve the community for generations. Despite a long history, there has been little formal information available on the sector and its contribution to the community and the economy. The voluntary sector was the invisible sector helping

to build the country without a sufficient understanding or recognition of its involvement in improving quality of life. This has slowly been changing, especially since 2000.

As a result of government retrenchment in the early 1990s, both at the federal and provincial levels, the voluntary sector took on a more prominent role in many areas where government had previously been the primary actor. Governments looked to other means to deliver services, and began to engage the voluntary sector in a greater service delivery role (Banting, 2). Organizations responded to this difficult challenge by exploring new ways of working and different ways to generate revenues. New relationships were built and new ways of earning revenue were explored by organizations to help replace some of the revenue that had been lost. Organizations became more and more visible in our communities as a result of increased public fundraising activities. All this led to governments and citizens being more aware of the voluntary sector organizations in our society.

Initiatives undertaken by the federal government during this time also drew attention to the sector as a whole. In the mid-1990s, the Voluntary Sector Roundtable and the Broadbent panel on Accountability and Governance in the Voluntary Sector were created as the first steps to building a stronger sector. Then, following from the 1999 Speech from the Throne, the Voluntary Sector Initiative (VSI) was established with a commitment to funding for a 5 year period. Academic work examining the sector also expanded during this time and a picture of the sector and its contribution began to emerge.

While the voluntary sector in other countries, especially the United States and Great Britain, has been studied for years, the sector in Canada had not been examined in detail. This has changed with the recent completion of several large scale projects looking at the sector with a level of detail and credibility that has previously not existed. With the release of the National Survey of Giving, Volunteering and Participating (NSGVP) in 1995, the National Survey of Nonprofit and Voluntary Organizations (NSNVO) in 2004 and the addition

of the voluntary sector to Statistic Canada's system of national accounts in the fall of 2004, there is now a baseline measurement of the scope of the voluntary sector and the contribution it makes to Canada's economy.

The NSNVO found that nonprofits and charities in Canada collectively have revenues totalling \$112 billion and employ over 2 million Canadians. Over 2 billion hours of volunteer time is contributed by Canadians each year, which is equivalent to 1 million full time jobs (Hall *et al.* 2004b).

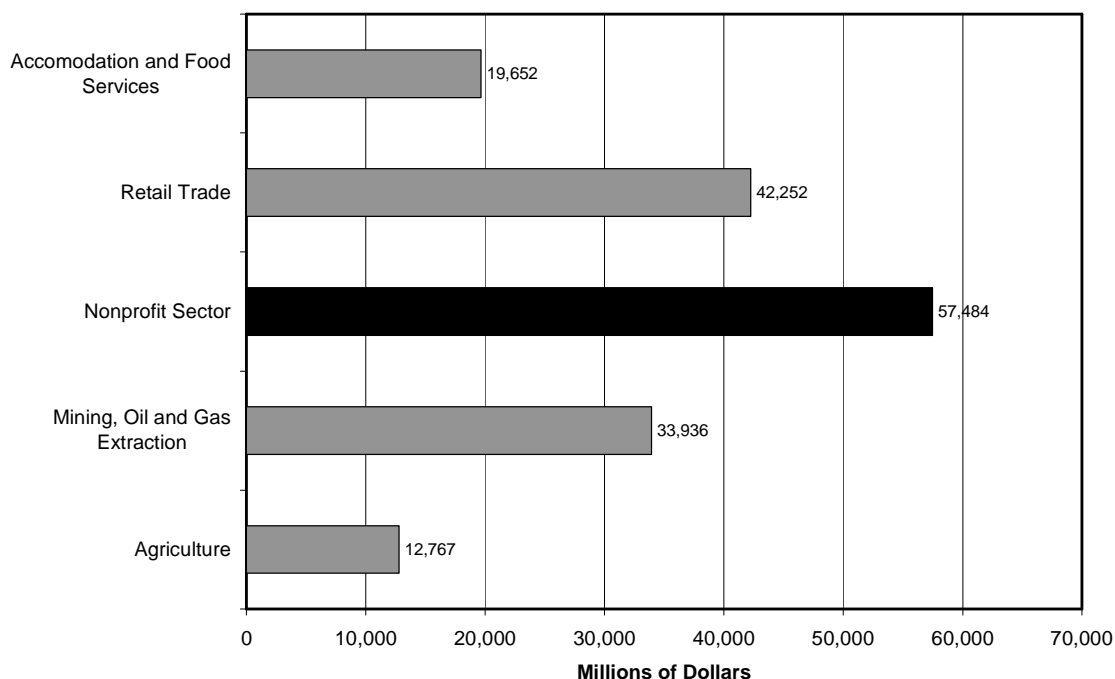
The Satellite Account of Nonprofit Institutions and Volunteering, within Statistics Canada's larger system of tracking the economy, the National Accounts, identifies the sector's contribution to the GDP and other economic measures. It found that the voluntary sector comprised 6.9% of Canada's GDP in 1997, the common year for which the standard economic accounts are available. As illustrated in the chart below, this is larger than the contribution of agriculture; retail trade; mining, oil and gas extraction; and accommodation and food services (Hamdad *et al.*).

These numbers confirm the importance of the voluntary sector not only to the social health of our communities, but its significance to the economy as well. Knowledge of the sector has clearly been growing and we now can talk about the size and scope of the sector with confidence. There are, however, still gaps in our understanding of the sector.

#### **IV. Calgary's Sector: Filling the Gap**

Despite the value of the work that has been done, the information that we have on the voluntary sector is largely at a national level. While the NSNVO and other recent work can be broken down to a provincial level, they will not be able to tell the story of the sector at a municipal level. This leaves a lot of unanswered questions. Does Calgary follow the patterns we see nationally? Do organizations here experience the same issues as the organizations nationally or is there something different about Calgary?

**Gross Domestic Product: The Nonprofit Sector and Selected Industries, 1997**



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The answers to these questions are important for several reasons. Those outside the sector, in business, government, the general public, donors and volunteers, need to appreciate the value of their time, their participation and their financial contributions to voluntary organizations in their communities. Organizations need credible research that identifies the sector as an increasingly important part of the economy and the social infrastructure of the community. Anecdotal evidence from a single organizations' experience is often insufficient when identifying the strengths and challenges organizations face to funders and community. An organization's internal and external effectiveness and public policy development by all levels of government are enhanced when the environment is fully understood.

## V. Methodology

This study was undertaken to complement recent national studies on the sector, and to take a snapshot of organizations in Calgary. It was designed to be as consistent with and complementary to the work being done at a national level as possible, in order to produce materials that can be used in tandem with the information that is already available.

To this end, the issues identified in the NSNVO The Capacity to Serve report were the basis for the study. The NSNVO study was intended to "broaden understanding of the capacity of nonprofit and voluntary organizations to fulfill their missions and serve the needs and interests of Canadians." To encompass the large variety of organizational capacities, a conceptual model of nonprofit and voluntary organizational capacity was developed. The background and substance of this model is attached in appendix C. The model attempts to capture all the influences on an organization's capacity, including both those that it can control and those it cannot. Based on this model, four main areas of study were targeted: external factors, financial capacity, human resources capacity and structural capacity.

An interview outline was developed that captured the internal capacity areas: financial; human resources and structural capacity, defined as both relationship and network capacity and process and infrastructure capacity. Questions about the perceived strengths of organizations and observations about the external factors constraining their organizations were also included. The interview was semi-structured with open ended questions allowing for participants to tell their organization's story. The interview outline is included in appendix A.

Invitations to participate were sent out using a sample selected from a database to represent all areas of the sector.<sup>1</sup> Interviews were set up with respondents and all areas of the sector, except business and professional associations and unions, were represented in the final sample. Care was also taken to include and represent organizations of varying sizes and budgets. The study sample included organizations with no paid staff, to those with staff numbering in the hundreds; budgets ranged from under \$100,000 to over \$10 million annually. Appendix B contains a list of the 27 organizations which participated in the study.

As a result of the qualitative nature of the study, the following terms have been used to reflect the prevalence of responses:

**Most:** views expressed by a majority of participants

**Some or a few:** views expressed by a small number of participants (Hall *et al.* 2004a, 8)

This study has several limitations that should be noted. The research is qualitative and exploratory, and as a result, is only intended to document the issues raised by participants in relation to our capacity related questions.

The organizations were selected from a database of organizations and the sample is not random. Organizations were also included as part of an effort to represent a variety of organizations in terms of mission, size of staff and level of revenue. As such,

<sup>1</sup> Based on the International Classification of Nonprofit Organizations (INCPO), as used in the NSNVO and Satellite Account studies.



the sample does not represent the sector as a whole.

Hospitals, universities and colleges are sometimes included as part of the voluntary sector, however they were not included in this study. The sample also includes a smaller proportion of all-volunteer groups than the NSNVO indicates is present in the voluntary sector. Groups comprised entirely of volunteers are more difficult to access, largely due to their limited capacity to engage in initiatives like this one.

## **VI. Findings**

This section summarizes themes raised by participants in the interviews and reports their comments and issues. It is based on the opinions and perceptions expressed by the participants. Where it is not attributed to a written source, the material is derived from the interviews and participant's statements.

### ***Financial Capacity Challenges***

Across Canada, the voluntary sector has been dealing with the emergence of a new funding regime (Scott, 35). Organizations in Calgary are facing the same issues: a shift in the nature and type of funding that is available which has impacted organizations in a myriad of ways, many of which are not positive for the organization or the sector as a whole. As organizations try to eliminate all "unnecessary costs" to win the next contract with the lowest bid on a contract or grant proposal means that administrative and overhead costs, essential to maintaining the vitality of the organization, are chronically under-

### **Key Issues: Sustainable Funding**

#### *Core vs. Project Funding*

overhead and administration costs  
lack of independence and autonomy  
with regard to budget decisions  
the need for constant fundraising

#### *Human Resources Burden*

retaining staff in a climate of uncertainty  
recruitment of staff  
workload and stress on staff

#### *Rising Costs and Diminishing Returns*

insurance, utility and other overhead costs  
endowment and investment returns falling  
"hot causes" and funder trends

funded in efforts to create the leanest program possible.

### ***The Need for Sustainable Funding***

#### *Core vs. Project Funding*

The most common concern of agencies in the sample is that organizations have difficulty obtaining adequate funding to sustain organizational activity. Participants spoke of a shift has occurred in the funding patterns of most funders, including government. Core

funding was stable, secure and flexible. It allowed organizations to make decisions as to where the money should be directed, and make long term choices on what programs to continue based on their success. Project funding, in contrast, has created a system where organizations are constantly creating new programs and searching for ongoing funding.

Core funding provided to organizations is now much more rare. Most of the funding that is now available is short term and targeted towards a specific program. Participants observed that the funding of programs, not organizations, has led to the chronic under-funding of an organization's core operations. Especially hard hit have been overhead and administration costs. Some funders do not allow claims for the administrative staff, preferring to pay for only frontline staff. Supervision and organizational management are neglected in this formula. For example, money is available for the supplies needed to run the program, but there is no money available to fund the cost of the office space to run the program.

Most of the funding does not allow a program or organization to continue even if it is successful. Some participants questioned the usefulness of starting a program with short term project based funding, only to have to eliminate the program when

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the funding runs out. Often, the community has come expect and rely on the service being provided. As one participant stated, "I question the responsibility of constantly starting new programs that you know no one will fund beyond one or two years. No one wants to fund an 'old' program, even if it has had demonstrable success in the community."

There was frustration expressed with the feeling of "always being close to the edge" or "living paycheque to paycheque" because of the lack of sustainability of the funding. Organizations often do not know where the money to continue operating is going to come from. As one participant stated "there are so many pieces that you have to put together like a puzzle to keep the organization going, and short term, project specific funding means the picture is always changing."

On the other hand, some participants indicated that they have been unable to get funding because they are not close enough to "living paycheque to paycheque." Some funders require that you have no resources left to be eligible, which does not allow for organizations to engage in prudent financial planning. According to one participant: "Funding bodies of all kinds too often seem to have a crisis mentality—they want to 'save' a group that is in dire straits. If you have any cushion at all, it raises questions why you need more money. It shouldn't be bad for you to make money, to save money, and to plan for financial sustainability. Financial irresponsibility is what is encouraged and rewarded."

Some participants noted that because the money is short term and not sustainable, they have little to no flexibility on how to spend it and cannot always engage in the type of work that would be valuable to their organization and clients in the longer term, such as research and development of new programs. This lack of independence does not allow them to address the needs of the community or be flexible in how they respond.

A number of participants felt that the short term, project based nature of much of the available funding also leads to organizations spending more time than they should on fundraising. Most

participants indicated that their organizations are constantly fundraising and that it is taking up an increasing amount of their time. Several participants said that they had responded to growing fundraising needs by hiring fund development staff or reassigning a staff member from another area of operations. Some participants also brought up the burden on staff created by constantly applying for funding and completing the co-requisite paperwork as well as searching for new sources of funding. Unfortunately, this is precisely the type of administrative work that is usually not covered by the program-oriented funds that are available.

*"Funding bodies of all kinds too often seem to have a crisis mentality—they want to 'save' a group that is in dire straits. If you have any cushion at all, it raises questions why you need more money. It shouldn't be bad for you to make money, to save money, and to plan for financial sustainability. Financial irresponsibility is what is encouraged and rewarded."*

### *Rising Costs and Diminishing Returns*

The rising cost of essential services has also reduced the financial capacity of some organizations. Participants mentioned significant increases in utilities, audit fees for the accounting required by the Canada Revenue Agency for charities, and insurance costs, especially professional liability for directors and officers. It is important to note that these are the types of core operating costs that organizations have particular difficulty in raising funds for.

A few participants fortunate enough to have endowments have also faced new financial challenges recently. Since September 11<sup>th</sup>, 2001, the returns on these types of investments have not been sufficient to ensure sustainability and they have also had to start fundraising more aggressively.

The ever-changing needs of funders are also a concern. Groups struggle not only because the “hot causes” are always changing, but also because the expectations of funders change frequently as well.

*“There are so many pieces that you have to put together like a puzzle to keep the organization going, and short term, project specific funding means the picture is always changing.”*

The shift from “outputs” to “outcomes” measurement was cited by a few participants. While the importance of evaluation was not disputed, it is the lack of support that is available to complete this more in-depth analysis that has created concerns for organizations. It was also pointed out that the shift in evaluation requirements means that existing structures in place to measure and evaluate a program or organization needed to be reworked. This change in focus happened at the same time as Calgary’s rapid growth started to create larger social problems in the community. The amount of work needed to respond to both of these factors has been a major challenge for some groups.

### *Human Resources Burden*

As a result of the nature of the funding that many organizations have available to them, employees in the voluntary sector are often in a constant state of uncertainty, not knowing how long their organization can be sustained and how long they will have a job. This environment is highly stressful and is not conducive to retaining staff. Some participants reported burnout and high stress among their staff, which has led to high turnover rates. This is a problem for many organizations. The recruitment and training of new staff costs the organization time and money.

Other participants indicated that they have funders who only want to pay for program and outreach staff, not those who will support them in their work and

supervise them, such as management or executive directors. As a result, these functions are either severely underpaid, or non-existent. If they are underpaid, it is difficult to recruit and retain qualified staff. If they are non-existent, or amalgamated with other positions in the organization, the employee workload can be too large. This can lead to important oversight functions not being given the attention they need, as well as high stress and turnover.

### ***The Flatlining of Funding From Government***

The flatlining and cuts to government funding in the early 1990s changed the environment dramatically for much of the voluntary sector. All levels of government cut back on their spending in an effort to rein in the deficits and debts. Funding to organizations was cut or eliminated and stricter limits were placed on where and how money could be spent. In addition, governments were making cuts to the services that they provided, and downloaded responsibility for service delivery to voluntary sector organizations in an effort to cut costs. Money previously used by government to provide services was not transferred to the voluntary sector to help organizations assume their new responsibilities. Organizations were expected to do more with less.

This chain of events had multiple impacts on the sector. Participants indicated that their workload increased, but they had no money to hire more staff to respond to the need. They were forced to spend more and more time looking for funders to help fill in the gaps left by the inadequate funding received from governments.

As the number of funders for these organizations grew, the amount of paperwork and reporting increased as well. Reporting to multiple funders, all of whom want the numbers analyzed differently, takes up significant time and energy. Some participants indicated that they not only spend much of their time seeking new funding but also reporting to current funders. The amount of reporting required varies greatly by funder, and producing the same

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information a myriad of different ways for different grants at different times takes up valuable resources of the organization. Participants also pointed out that many funders don't want to see their funds applied to administrative work, yet it is a requirement of the grant. Staff costs associated with meeting reporting requirements are often not recognized by funders.

While the changes in government funding had a large impact on some organizations, others have never been able to receive government funding. For them, the challenge of a patchwork of funding sources has been a constant reality. Now, even those that received large amounts of government funding in the past don't believe that they will see that kind of support again.

*"There are so many needs and demands; we just try to do what we can with the limited financial resources that we have."*

Several participants indicated that competition for resources is getting fiercer. Some participants felt that the biggest change that they had seen in the last five years in Calgary was the proliferation of voluntary sector groups, many of which have arisen to respond to the social changes that have occurred as Calgary has grown. The shift to professionalized fundraising has also created a more competitive funding environment. Others identified challenges resulting from large, quasi-governmental organizations moving into the fundraising "game" when their own budgets were cut. The resources that hospital and education foundations have at their disposal are enormous in comparison to those of many voluntary sector organizations, and some participants felt that this change has had a significant impact on the fundraising environment.

## Key Issues: Employees

- Inability to pay sufficient wages
- Staff turnover high
- Lack of training and advancement opportunities
- Competition for employees
- Morale Issues

## Human Resources Capacity Challenges

Most participants indicated that the strength of their organization is their people, both paid staff and volunteers, including board members. Participants were quick to point out how committed and talented the people involved in their organizations are, and that the organization could not exist without them. However, human resource issues are a challenge for many organizations. Most participants identified challenges related to paid staff, although volunteers and boards were also identified as areas where challenges exist.

## Employees

### Low Wages and High Turnover Rates

The overriding human resources concern of the participants was the low wages frequently paid by organizations in the voluntary sector, especially in comparison to other sectors. While many cited employees' satisfaction with the intangible benefits of their jobs and the opportunity to make a difference that draws people to employment in the sector in the first place, the wages that many organizations are able to offer are often not sufficient to retain staff. As one participant suggested, "no matter how much you love your job, salary is important. We all have bills. We all need to provide for ourselves and our families."

A few participants cited their difficulty in hiring and retaining staff with the skills and experience that they require. Though professional staff with a certain level of education and experience are required by many organizations, they can only pay starting wages. This often forces them to hire individuals without the necessary qualifications, and invest time and money to train them and allow them to gain to more experience on the job.

Voluntary organizations often become a “training ground” for young employees, who leave when they have the experience required to get a better paying job. “Young people are attracted to our organization,” one participant said, “but they don’t stay very long.” The enthusiasm of these employees and their drive to be part of something that is helping the community is a huge benefit, but the impact on the organization isn’t always long term.

Competition for employees with organizations in other sectors is a particular problem for groups in the health and education fields. In areas where there are unionized, government jobs available, nonprofits often find themselves so far behind on the pay scale that they simply can’t offer enough other benefits to make up the difference. As one participant suggested, “we need to get wages much closer to the other sectors, so that the good environment and other rewards of work in the sector are enough for people to stay. No amount of flex time is going to make up for 40% less in salary.”

Smaller organizations often indicated the lack of training and internal advancement opportunities provided by their organizations as another reason for high turnover rates. Some groups don’t have the budgets for training that comparable jobs in the private or government sectors do for employees. In addition, advancement opportunities within the organization are nonexistent. This is especially true for smaller groups. There isn’t anywhere for someone to move up to when they are looking for a

*“Young people are attracted to our organization, but they don’t stay very long.”*

*“Staff stay because of the intangibles, because they love the work, because they are contributing to something important. They leave because of the salary.”*

new challenge. These kinds of non-wage incentives are important for long term retention of employees, but are not an option for many groups.

The low rates of pay that are the norm in many organizations put employees under constant stress. According to participants in this study, some are paid just above the poverty line, and some staff are forced to find second jobs to help pay their bills. In addition, there are not salary increases and promotions available that might help alleviate the difficulty in time. Participants expressed concern over this reality and helplessness to make a real change and improve the salaries and opportunities within their organizations.

For some participants, this combination of circumstances results in a chronic morale issue among their staff. There is a strong connection between these issues and the funding practices discussed in the previous section. Short term projects and funding result in staff who are constantly concerned about their long term status, and looking for more stable opportunities. One participant described it as “a huge black cloud over us all.” The high turnover that stems from this creates its own problems. Institutional memory is very limited and long term planning becomes difficult when personnel are constantly changing. High turnover can cause burnout to those left at the organization, as they attempt to pick up the slack.

### *Lack of Human Resources Expertise*

Some participants highlighted the benefit of having HR expertise, or even an HR manager in their organization. The world of work is getting more and more complicated and for many organizations, and keeping up with legislation and policy for their staff has become difficult. Participants indicated that all too often, when there is no one who is responsible for HR in the organization, it is simply put on the back burner and never really dealt with. This not only can lead to employees not getting what they need from their employment, but to potential legal issues for the organization.

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*"No matter how much you love your job, salary is important. We all have bills. We all need to provide for ourselves and our families."*

Several groups, especially those with larger staff numbers, have responded to this need by contracting HR expertise, sharing a manager with other organizations or making other sacrifices to pay someone to fill this role in their organization. Whatever the arrangement, participants felt that their organization operated more effectively due to this expertise.

## Volunteers and Boards

### Recruitment and Retention Challenges

Some participants were concerned about the difficulty their organizations are having recruiting volunteers. They often pointed to a new kind of volunteer. At one time, a person might commit to an organization for 20 years or more. Now, organizations see volunteers come and go as they look for new challenges and activities. Volunteers also often want to give differently. Participants observed that many volunteers want to contribute specific skills they may have, such as accounting, research or IT. Many people cannot make a fixed time commitment and need more flexibility from the organization to accommodate their schedule. These new realities mean that organizations are trying to change their expectations of volunteers and work in new ways to provide volunteers with the opportunities that they need and make the best use of the skills they have to offer. This has implications both in terms of the time and effort required by staff to work with and supervise volunteers and the ability of staff to "let go" and allow volunteers to take on more in-depth tasks. It also makes the coordination

and facilitation role of the volunteer coordinator all the more valuable.

There is also concern with the aging volunteer base that many groups rely on. It has been difficult to recruit new volunteers to replace them. Children and youth lead very busy lives and often are not connected to traditional areas of engagement that have built a lifetime commitment to volunteering such as churches.

### Volunteer Management Challenges

Volunteers are essential to every nonprofit and charity. At a minimum, volunteers serve on the organization's Board of Directors, but some groups have volunteers integrated into every part of their operation.

Managing volunteers can be challenging for organizations. Most participants indicated either that they use volunteers extensively and spend significant time and effort to manage them, or that they don't use volunteers because they don't have the resources. The management required to engage, supervise and retain volunteers is significant, and many organizations find that they have to make a trade off: commit staff to the function of manager or use volunteers less often. Some indicated that far from having trouble recruiting volunteers, they are unable to use the volunteers that want to help because they do not have the time to support them. In addition, as volunteers want to be engaged in more demanding work, the support and supervision that staff must provide increases. This puts additional strain on staff, and can make a volunteer manager essential to building and maintaining relationships with volunteers.

Several participants indicated that they have a diverse group of volunteers, all with different skills and needs. They saw this both as a strength and a weakness. The Calgary community is becoming more diverse. While they see the importance of volunteers that

### Key Issues: Volunteers

- Management of volunteers is time consuming and requires expertise
- Not able to use volunteers effectively
- Board recruiting issues

represent the communities they serve, the diversity of volunteers does not allow for one-size-fits-all management. It requires time and commitment to ensure that volunteers are reaching their potential and fulfilled by their experience, and that the organization is using them to its full advantage. The complexity of the job of the volunteer manager is high in these cases.

Organizations have typically recruited board members from those individuals that have supported their organization and have enthusiasm for their cause. This has created challenges for a few of the study participants. The individuals they have typically attracted to board positions may not have the governance skills necessary to guide a complex organization in a complex environment. In addition, a few participants mentioned that it is difficult to manage the relationship with their boards because of the limited time the Executive Director or other senior management staff have available for this function.

## ***Structural Capacity Challenges***

Structural capacity is defined as the “processes, practices, accumulated knowledge and support structures within an organization that help it to function” (Hall *et al.* 2004a, 37). The key aspects of structural capacity are: planning and development, infrastructure and process, and relationship building and networks.

### ***Planning and Development Capacity***

Strategic planning is seen to be an integral part of the operation of an organization, as evidenced by the fact that all participants indicated that their organization had engaged in strategic planning processes. Most had schedules in place to review and update their plans on a regular basis. It is a routine and expected part of operations for organizations.

Boards and senior staff have typically been active in long term planning and visioning for their organizations. Several participants had also

expanded those involved in the work to middle and junior staff. This allows for a diversity of views, a more robust process, and connects the plan to those who will actually be expected to implement and work with it. Staff and volunteer support for the organization's future direction make the strategic plan more valuable and smoother to implement.

One of the constraints on participant's ability to implement their strategic plan is a lack of long term, flexible funding. Short term funds do not allow the independence and flexibility to implement new directions and visions over the long term. Program funding often cannot be diverted to internal organizational work, even if it is important to the future of the organization.

A few participants indicated that a current strategic plan is often a condition of the funding that they receive. Despite this, funders rarely fund administrative operational work and strategic planning becomes another sunk cost of obtaining funding. While the work is valuable to the organization, the capacity to implement the plan does not exist and is not supported by funders.

## ***Infrastructure and Processes***

Major infrastructure concerns were identified in two key areas: information technology and physical infrastructure.

### ***Information Technology***

Information technology is now a vital part of operations for organizations. It allows organizations to participate in modern communications. Having a website and access to email are fundamental to doing business and reaching out to the community. It can enhance the efficiency of the organization and is required for many of the enhanced accountability measures that organizations must practice. However, most participants expressed concerns with IT. While some had invested in newer systems and had replacement plans in place, other participants simply did not have the funds available to improve their systems. The cost of computer

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systems has come down dramatically, but it is still prohibitive for many organizations.

Some participants indicated that their organizations were struggling with donated machines that could not connect to each other, or that spent so much time malfunctioning and subsequently being repaired that they were more of a liability than an asset.

Regardless of the state of the IT system in an organization, most participants pointed to struggles to find adequate expertise to troubleshoot and help manage their systems. Some indicated they had a particularly computer savvy staff person who ended up as the *de facto* technical support person, or that they contract out to get the knowledge they needed. Regardless, it is an additional expense of time or financial resources that organizations need to commit, which is difficult in the fiscal environment that most operate in.

### *Physical Infrastructure*

Physical infrastructure is another casualty of the funding issues organizations in this study are experiencing. They struggle to maintain adequate spaces for their staff and clients with project funding that may not consider rent or other infrastructure costs.

Most participants expressed concern with the status of their physical infrastructure. Those who owned or were responsible for a building have difficulty paying for repairs, even those that are essential to the safety of employees and clients. Those who rent space find themselves constantly on the move because of ever-escalating rents. Both groups have to deal with inadequate, aging spaces that do not meet their needs.

Given the financial limitations organizations are often under, difficult choices have to be made. One participant said that they have resisted making cuts to frontline staff who are delivering services to the community, so they are forced to cut infrastructure: "You just leave all the repairs another year." Organizations often find that they have little capacity to plan for maintenance and depend on judgements that cannot always be accurate. One participant

indicated that their organization had budgeted for anticipated repairs, but the crisis point came faster than they had been advised it would. As a result, money needed to be pulled from operations to fix their infrastructure.

### ***Relationship Building and Networks***

Most participants highlighted their relationship building capacity as one of the strengths of their organization, and indicated it as crucial to their success. Some participants highlighted their relationship with the community that they served and the trust that they have built. Others pointed to relationships with funders that have allowed them to survive.

Some participants did point out that relationship building can be a significant drain on human resources, no matter how formal or informal it is. Another concern, especially in building relationships with other groups, is the lack of interest on the part of some groups to build relationships and work together. The voluntary sector is a highly competitive environment, and it is counterintuitive for some organizations to connect with those that they feel they are competing with for funds.

Some participants expressed concern with the language of "partnership" and the requirement of some funders that groups develop formal relationships to deliver programs. This was seen to be a valuable, though time consuming exercise. However, funders do not often include funds to help maintain and manage these required partnerships. There is also little training available for organizations to learn how to operate in a partnership situation, including the decision making and legal structures that need to be in place. The expectations of the funders are greater than the resources that are provided and this leaves a substantial burden on the organizations involved.



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## ***What is Different About Calgary?***

Three areas stood out as differences in the voluntary sector in Calgary: a different perspective on government funding, strategic planning and the prevalence of employee-related issues.

### ***Government funding***

Few participants in this study indicated that they believed they could secure more government funding to alleviate their financial concerns. Some did suggest that they would like to back to the “good old days” when more unrestricted government funding was available, or that they would like to see more consistency in the funding from government. However, none seemed to think this was realistic. The expectations of the potential for expansion of government funding are lower in Calgary than across that country.<sup>2</sup>

In contrast to the national study, which found that “few organizations appeared to exploring ways to earn income, rather, they were interested in more support from funders and donors,” several of the Calgary participants suggested that their organizations had implemented new ways to supplement their income by making money for the organization. Others were actively developing new strategies to earn revenue for the organization. Highly innovative in their approach, organizations also want to ensure that the community can benefit from their enterprises and focus on their mission is maintained. Finding new ways of earning income was seen as the best chance to regain some financial stability and independence. As one participant stated, “we don’t want to always have to be at somebody else’s whim...we want to be self-reliant. It’s what we want to develop in our clients, and it’s where we need to move the organization.”

### ***Strategic Planning***

Strategic planning has become a part of doing business in the nonprofit sector and many funders require strategic planning as a condition of funding.

In the national study, planning and development capacity, especially long term strategic planning, was identified as the area of greatest concern for organizations in the area of structural capacity. This does not appear to be the case in Calgary. All participants in the CCVO study had engaged in strategic planning for their organizations and most had renewal and review processes in place.

At the national level, organizations suggested that they did not have the time or the expertise to do planning. Participants in this study felt that they needed to make the time, and sought out the expertise that they needed if they did not have it. Some suggest that it would not be as significant a priority if their funders did not require it, but they also indicated that they felt it was a very positive process, even if it was originally mandated from outside the organization.

However, it is important to note that although all the organizations have developed strategic plans, implementation can be a challenge, primarily for financial reasons.

### ***Paid Staff, Not Volunteers, the Area of Greatest Concern***

For Calgary participants, issues related to paid staff were the most significant human resources concern. Low wages, an inability to compete with other employers for qualified staff, a lack of training and advancement opportunities and high stress all lead to employee retention and morale problems. While participants discussed issues with volunteers, they were secondary to the challenges they faced with employees.

This is in contrast to the national level, where volunteers were found to be the primary concern of participants. This could be a result of the robust economy in Calgary that has spurred job creation. Large corporate head offices and government organizations, especially in health care and education, offer wages and other benefits like

<sup>2</sup> This is also found in the “The Capacity to Serve” study done at the national level about Alberta participants. See page 45.

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pensions and health care with which most voluntary sector organizations cannot compete. Professional staff, in particular, have many options for employment in Calgary. There is also a rich tradition of volunteerism in Calgary and a strong commitment to corporate volunteerism by the business community, which may account for fewer concerns about volunteers for organizations in Calgary.

## **VII. Conclusions**

The findings of this study indicate that the voluntary sector in Calgary has been resilient and innovative in how it does its work, often overcoming difficult circumstances. Many of the organizations are struggling to secure sustainable funding that accounts for the true cost of their operation, including infrastructure and administration costs. These challenges, in turn, affect the rest of the organization. Human resources concerns are not given the attention that they need, leading to recruitment and retention issues. There is little money for physical infrastructure or information technology. This corroborates the findings of the national level studies.

One of the most interesting results of the interviews was that participants often anticipated the questions before they were asked. During discussions of financial capacity questions, the comments of participants gravitated towards a discussion of human resources and structural issues. This cause and effect pattern seems to show that there is a strong relationship between the funding issue and the other challenges that organizations face. While this is not new or unique to Calgary, it certainly indicates where the most impact can be made in improving the situation of the voluntary sector.

While there are many similarities between the results of this study, and those at the national and provincial level, there are a few notable differences in the way organizations in Calgary are working. Organizations here are less likely to look to government to increase funding to the sector than their counterparts across the country. Strategic planning seems to be a bigger priority for groups in Calgary. Participants also focus on the issues they see with their paid staff, as opposed to challenges

with volunteers. This could reflect differences in the Calgary environment: the entrepreneurial focus of the community, a strong history of volunteerism and a buoyant economy. Further research would be required to discover the nature of the difference.

As Calgary continues to grow at a rapid rate, the voluntary sector is a fundamental part of the city's continued vitality and high quality of life. The issues discussed by participants in this study are not new, and the fact that they continue to be raised by those working the sector is alarming—the challenges have become chronic. The voluntary sector contributes to Calgary in innumerable ways, and it can do more. Our communities are filled with untapped potential. We need to continue to develop our understanding of the sector in Calgary as well as nationally, so the challenges that organizations face can be identified and addressed, and the sector and our communities can flourish.

This study begins the process of building a complete picture of the sector in Calgary, which will allow us to better understand, appreciate and support the work of voluntary organizations in the community. It highlights widespread issues and will influence CCVO's work on a broad range of issues that are impacting the capacity of organizations and the sustainability of the sector as a whole. Next steps include expanding the reach of this type of study, especially to include organizations that are run entirely by volunteers.

## Appendix A: Interview Outline

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### Qualitative Study Interview Outline

There have been several reports released that examine the voluntary sector in Canada at a national level, including the National Survey of Nonprofit and Voluntary Organizations, the Satellite Account and the Funding Matters report. There is, however, still a lack of information on a local level. We want to examine what is happening in Calgary, and how it compares with the national data. Do the national findings ring true for you and your organization? What is different about subsectors of the voluntary sector? We are trying to develop Calgary data that is comparable to the national data and have put together the areas of interest from a variety of sources, including other studies and input from other voluntary organizations in Calgary.

- Tell me about your organization—what is your mission, how long has it been around, how does it operate, with what funding, how many employees/volunteers do you have? What services do you provide and to whom?
- What are your greatest challenges in the area of:
  1. Financial Capacity?
  2. Human Resources Capacity (both volunteers and employees)?
  3. In areas related to structural capacity, such as
    - a. Planning, development and research?
    - b. Relationship building and networks?
    - c. Policy?
    - d. Organizational infrastructure, processes and systems?
- What are your greatest strengths? Do you have success stories to share?
- What has changed for your organization in the past five years (if applicable)?  
Resources? Volunteers?
- What external factors, if any, keep your organization from fulfilling its mission?

## **Appendix B: List of Study Participants**

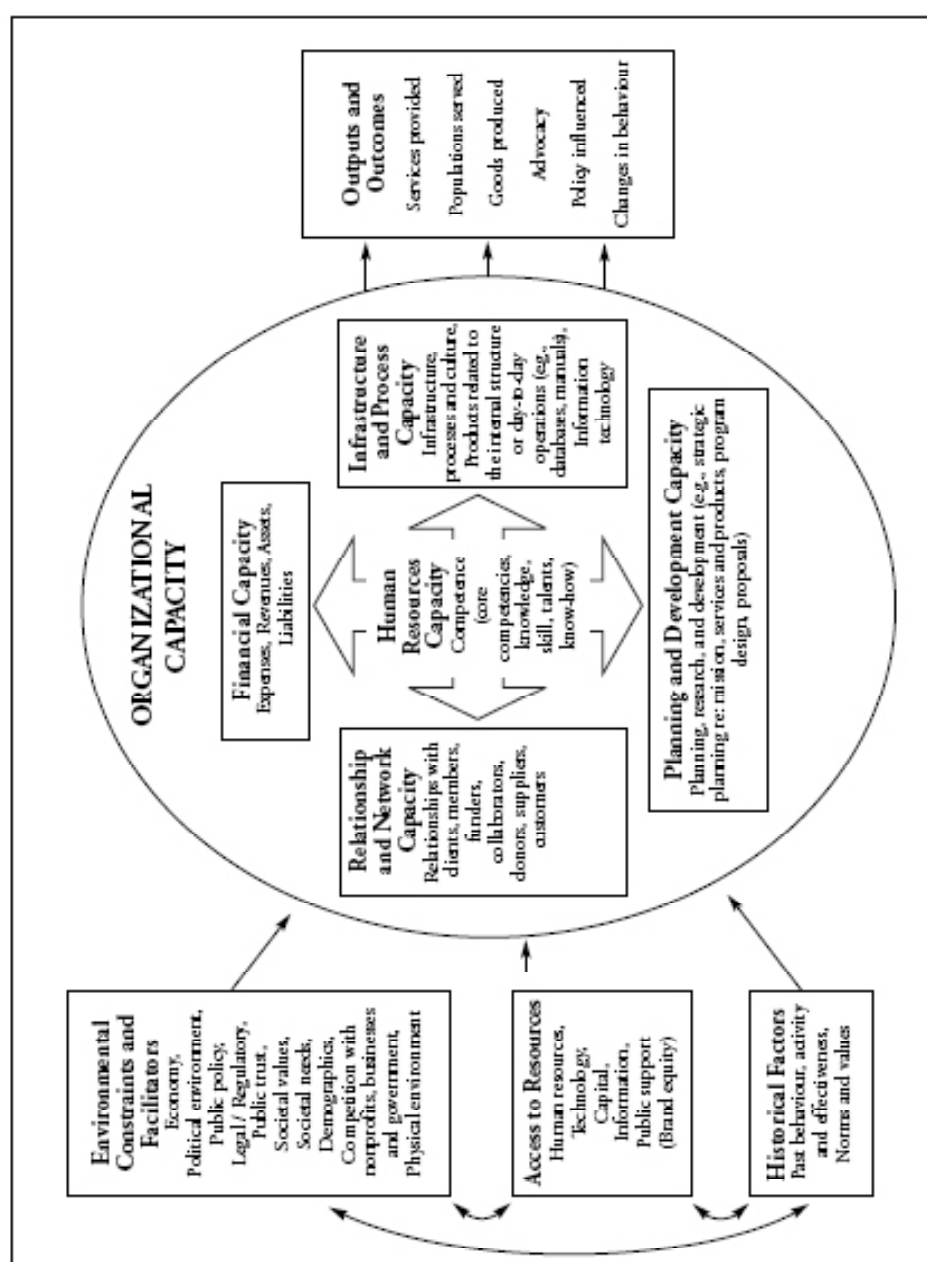
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Alberta Ecotrust Foundation  
Alberta Gymnastics  
Alexandra Community Health Centre  
Art Gallery of Calgary  
Aspen Community and Family Services  
Calgary Olympic Development Association (CODA)  
Calgary Reads  
Canadian Parks and Wilderness Society (CPAWS)  
CBCA Sexual and Reproductive Wellness Centre  
Centre for Affordable Water and Sanitation Technology (CAWST)  
Child and Youth Friendly Calgary  
Children's Cottage  
Calgary Urban Project Society (CUPS)  
Ethno-Cultural Council of Calgary  
Fort Calgary  
Friends of Fish Creek Provincial Park  
Glenbow Museum  
Hull Child and Family Services  
Lunchbox Theatre  
Operation Eyesight Universal  
Sierra Club-Chinook Chapter  
The Epcor Centre for Performing Arts  
The Junior League of Calgary  
Volunteer Calgary  
Walk-In Closet/Making Changes Association  
Youth with a Mission Society  
YWCA of Calgary

## Appendix C: Defining and Understanding Capacity: Conceptual Model from the NSNVO

This model is excerpted from "The Capacity to Serve: A Qualitative Study of the Challenges Facing Canada's Nonprofit and Voluntary Organizations," full text available at: [http://www.nonprofitscan.ca/pdf/Capacity\\_to\\_serve\\_English.pdf](http://www.nonprofitscan.ca/pdf/Capacity_to_serve_English.pdf)

It represents the factors, both internal and external, that affect an organization's capacity as a way to develop the main areas of questioning for the NSNVO Qualitative study.



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- articulates the views of the voluntary sector and provides leadership on public policy issues,
- facilitates networking and the sharing of information and resources,
- engages the voluntary sector around issues of common concern,
- works with business and government, and
- strengthens the capacity of the sector through research, education, dialogue and professional development.

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