

in Canada

Voluntary Action and Voluntary Organizatins in Canada: Progress and Prospects

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Voluntary action is an important part of the social glue that binds Canadians together. It is the exercise of free will combined with collective purpose that has enabled us to build community and address collective needs that governments either cannot or will not address. The contributions of voluntary action to Canadian society are many and include: the establishment of hospitals, schools and universities; improvements in health (e.g., via organizations that advocate for improvements in health policy and that fund health research); improvements in social conditions (e.g., via advocacy and the development of programs to address the problems of poverty, social exclusion, and homelessness); increased attention to the development of children and youth; the creation of opportunities for artistic expression and appreciation; the provision of opportunities for recreation and participation in sports; and the provision of opportunities for religious and spiritual development. Although voluntary action does not require the establishment of voluntary organizations, such organizations provide a critical institutional infrastructure for its expression.

This paper draws upon available empirical research to examine the current state of public support for and involvement with voluntary organizations¹, the extent to which that may have changed over the past decade or more, and the prospects for future of voluntary action in Canada. It argues that although voluntary action is a vibrant part of Canadian life, it may be in danger of withering unless it is nurtured in the decades to come. Before examining the available evidence about the involvement of Canadians in voluntary

The term voluntary organization is used to refer broadly to organizations that are formed for purposes other than the maximization of profit and is not intended to denote organizations that operate entirely on volunteer labour. See Hall and Banting (in press) and Febbraro and Hall (1999) for discussion of the ambiguity associated with the use of such terms as voluntary, nonprofit, charitable and third sector.

action, it is, however, useful to briefly review a number of factors that appear to have had an impact on voluntary action over the past 10 years.

Influences on Voluntary Action and Voluntary Organizations

Changes in the Role of Government. Throughout the 1990's governments at all levels began to reduce expenditures and attempt to increase revenues in order to balance budgets and reduce debt. The strategies that they adopted included:

- The elimination of services;
- Implementing or increasing fees for services;
- Contracting services out to third parties;
- Reducing fees paid to third parties, often charitable and voluntary organizations,
 for the delivery of services;
- Introducing competition between non-profit and for-profit third party service deliverers;
- Creating government-sponsored charitable organizations to deliver programs with the expectation that they will be supported, in part, through private donations; and
- Turning to charitable gaming activities as a source of government revenue and increasing the availability of gaming revenues to charitable organizations.

Government retrenchment and restructuring was often accompanied by a call for communities to do more on their own through voluntary action. The federal government attempted to encourage voluntary action by improving tax incentives for donations to registered charities in three successive federal budgets (from 1995 through 1997). It also

worked with the voluntary sector to create joint tables that developed policy recommendations to strengthen the voluntary sector in three areas: its relationship to government, the regulatory framework in which it operates and its capacity (see the Report of the Joint Tables, 1999). Some provinces, such as Ontario and British Columbia, also created special initiatives to support the voluntary sector.

The Impact on the Voluntary Sector. These changes in government policies had a number of impacts on charitable and voluntary organizations. Some types of organizations experienced a reduction in their traditional sources of funding from government funding. Others faced new competitive pressures that affected their ability to generate revenues. Still others faced the challenge of coping with the additional demand for their services created by the elimination of government programs. The full impact of these changes has yet to be seen and the evidence, at present, is for the most part only anecdotal. Hall and Reed (1998) argue that they can range from changes in the missions of organizations, to reductions in services, and finally, to organizational closures.

Many charities rely heavily on government for funding and as such are very vulnerable to any changes in government spending. Hospitals, teaching institutions, libraries and museums, for example, are most dependent with government accounting for over 70 percent of their revenues (Hall & Macpherson, 1997). Charities engaged in community social services rely on government for over 60 percent of their revenues. At the other extreme, religious congregations receive very little revenue from government sources. Reductions in government funding led many charitable organizations to increase their efforts to obtain alternative sources of income. The result was increased business

activities (e.g., selling products or services, selling assets, or selling product endorsements), charitable gaming and charitable fundraising.

At the same time as government funding was being reduced, voluntary organizations found themselves exposed to new competitive pressures. Some had to compete to obtain government contracts that had previously been single-sourced and in a number of instances their competitors were for-profit enterprises. Competition with for-profits can be very difficult for voluntary organizations because they often do not have access to capital to finance expansion or to underwrite long-term ventures that for-profit businesses do. These competitive pressures may end up driving voluntary organizations to operate like for-profit organizations (e.g., by targeting clients that are easier or more "profitable" to service; by recruiting staff with profit orientations). In addition, charitable and voluntary organizations found themselves competing with governments for access to charitable donations, a source of revenue that had been traditionally theirs alone.

Finally, increases in business activities, charitable gaming, and charitable fundraising also have potential costs for voluntary organizations. For example, the more that charitable organizations engage in business activities the less they are likely to be seen to need support from the public through donations of time and money. Charitable gaming poses a number of ethical questions and has not been enthusiastically received by the public. And, as the public is subjected to increasing numbers of solicitations for donations, questions begin to be raised about the costs associated with such activities and how charitable donations are being used.

Improvements in Knowledge. One of the other important areas of change for voluntary organizations over the past decade has been the improvement in our knowledge and understanding about both the organizations and the public's relationship to them. Prior to Samuel Martin's 1985 book An Essential Grace: Funding Canada's Health Care, Education, Welfare, Religion, and Culture there was little information about voluntary organization's in Canada or the public's relationship to it. In 1987, the first comprehensive study of volunteers was undertaken (see Duchesne, 1989 and Ross & Shillington, 1989). It showed that 5.3 million Canadians volunteered their time to charitable and nonprofit organizations. In 1994, the first portrait of Canada's charities showed that registered charities were a powerful economic force in the country with revenues that amount to close to 13% of Canada's Gross Domestic Product (GDP), approximately the size of the GDP of British Columbia, and employing an estimated 1.3 million Canadians (Sharpe, 1994).

The 1990's also witnessed the development of programs of research on the voluntary sector at voluntary organizations such as the Canadian Centre for Philanthropy and the Canada West Foundation as well as the establishment of academic centres of research at such places as Carleton University and the University of Calgary. The Kahanoff Foundation's Non-profit Sector Research Initiative was launched and its support for research across the country will be responsible for the publication of at least four books devoted to the voluntary sector as well as countless other publications.

In 1997, a joint initiative of the voluntary sector and the federal government led to the National Survey of Giving, Volunteering and Participating, which may be the largest and most comprehensive survey on the public's involvement with voluntary organizations that has ever been conducted anywhere. Although there are still many basic questions that need to be addressed, the availability of information from these and other sources voluntary action in the country is one of the more significant developments of the past decade.

Greater Recognition. The economic and social contributions of voluntary action and voluntary organizations have also received greater recognition of late as Hall and Banting (in press) have observed. Drucker (1994) argued convincingly that it will have growing importance in a post-industrial society and Rifkin (1995) received a great deal attention for his thesis that voluntary organizations will be the engine of future employment growth. Putnam (1993, 1995) also profiled the contributions of voluntary organizations with his arguments about the contribution that voluntary action makes to the development of social capital. In his view, voluntary associations help to build networks and trust that serve to enhance a community or society's capacity for collaboration and cooperation. This capacity for collaboration or social capital provides the underpinning for economic development and effective democratic governance.

Salamon (1998) argues that voluntary associations and voluntary action are receiving increasing attention worldwide for a number of reasons. He attributes this renewed interest to a number of factors. Among them, growing doubts about the capability of the

state to address social, developmental and environmental problems on its own and concerns about the ability of addressing such problems by private markets. In his analysis, civil society or voluntary organizations have become strategically important participants in a search for a "middle way" between sole reliance on the market and sole reliance on the state.

Assessing the State of Voluntary Action in Canada

As the foregoing illustrates, this appears to be a very dynamic time for voluntary organizations in Canada. On one hand they are facing pressures from reductions in funding and increased competition for resources. On the other hand, they are the subject of increasing interest to governments and policy makers.

How well are voluntary organizations able to respond to the challenges and opportunities they face and how healthy is the state of voluntary action in Canada today? As will become evident, we have far less information to enable an assessment of the state of those organizations that serve as the vehicles for voluntary collective action than we have to assess the health of voluntary action (i.e., the voluntary activities of individuals).

Voluntary Organizations

A complete assessment of the current state of voluntary organizations requires information about not only how many there are, but what they do, the financial and

human resources they command and what contributions they make to society. None of this information, however, is currently available. Rather, we must rely on snippets of information that is available about a select group of voluntary organizations, primarily those that have become legally incorporated as nonprofit corporations (or, in some provinces, registered as a society) and that have been given registered charity status by Revenue Canada.

Registered charities are incorporated nonprofit organizations that are able to issue tax receipts for donations that can be used by donors to obtain tax credits while non-charities are not. All registered charities file annual Public Information Returns (T3010 Forms)² which are the only readily available source of detailed information about any kind of voluntary organizations in Canada³. As a consequence, most of our understanding of voluntary organizations is based on what we know about registered charities (Hall and Banting, in press).

There are approximately 78,000 registered charities according to Revenue Canada and an estimated additional 100,000 legally incorporated other nonprofits (Quarter, 1992).

However, any estimate of the number of voluntary organizations in Canada would probably increase substantially if we were to include "grass-roots associations" or

² Data contained in the T3010's are of unknown reliability and validity. Many of the forms are completed by volunteers who are guided by their own interpretations about what they are being requested to report. Revenue Canada does not perform any checks on their accuracy or validity.

unincorporated forms of organizations. For example, applying Smith's (1997) estimate of the number of grass-root associations in the United States (i.e., about 30 per 1,000 population) to the Canadian context would lead one to expect that there may be an additional 870,000 grass-roots voluntary organizations. The number of registered charities has increased by 20% since 1989 and one can assume that there is also a growing number of nonprofits that are not registered charities as well as grass-roots associations.

Revenue Canada data does provide us with some understanding of what charities do.

Using a modified version of Revenue Canada's classification system, Hall and

Macpherson (1997) grouped charities into 14 unique types⁴. Over one-third (36%) are

Places of Worship, making it the largest single category of charities. Social Service

charities are the second largest in size, accounting for 14% of charities followed by

Community Benefit charities, accounting for 7% of charities. The smallest category is

Hospitals, which consists of only about 1% of charities.

Turning to the question of the financial and human resources that voluntary organizations command, the Canadian Centre for Philanthropy estimates that Canadian charities received \$90.5 billion in revenues in 1994 (Hall & Macpherson, 1997). One can,

³ Some nonprofit organizations that are not registered charities are required to file tax returns (Form T1044), however the usefulness of this information is limited. First, only those nonprofits that earn annual revenues of \$10,000 or more or that have assets of \$100,000 are required to file. Second, many nonprofits may not be aware of their requirements to file because Revenue Canada is not able to identify them to inform them of the requirements. Finally, they are required to provide much less detailed information than are charities and some of that information is not publicly available.

⁴ Revenue Canada classifies charities on the basis of their stated purpose when application is made for registered charity status. However, it should be noted that an organization's purpose can change overtime and organizations may have more then one purpose.

therefore, assume that the larger universe of all voluntary organizations would command substantially more revenues. It, is important to note, however, that the bulk of these revenues (56 percent) go to hospitals and teaching institutions which together comprise only 5 percent of all charities. The remaining 44 percent or \$39.6 billion is divided among the remaining types of charities. Social service organizations receive about 10 percent of all revenues (\$8.8 billion) while health organizations receive about 7 percent (\$6.4 billion). Places of worship, which make up 36 percent of all charities, receive only 6 percent of the sector's revenues.

Most charities operate on very modest revenues and most do not rely heavily on paid staff. Hall's (1995) analysis of T3010 data shows that almost two-thirds (64%) operate with annual revenues of less than \$100,000 and 80% have revenues of less than \$250,000. Although charities, as a whole, employed an estimated 1.32 million people in 1993 (Sharpe, 1994), 38% have no full time staff and 21% have only one full time staff person (Hall, 1995).

As was noted earlier, some types of voluntary organizations are particularly dependent on government funding and are therefore highly vulnerable to any reductions in these revenues. Charities such as hospitals, teaching institutions, libraries and museums, health organizations and social service organizations may receive more than 65% of their revenues from government and are particularly vulnerable to any changes in government spending (Hall & Macpherson, 1997). Others such as recreational organizations, private foundations, and arts and cultural organizations may earn from 49 to 58 percent of their

revenues from fees and the sale of goods and services and are less vulnerable. Private giving appears to be the largest source of income for places of worship (comprising 81 percent of all of their revenues) rendering them the least dependent upon government.

The limited information that is available does not allow for a very full assessment of the present state of voluntary organizations. These organizations are tremendously diverse in terms of the purposes for which they are established and in their access to various forms of financial resources. Some types of organizations, particularly those working in the areas of health and social services appear to be quite vulnerable to the types of changes in government policy that have been occurring over the past few years, however, others are likely to be less vulnerable to these changes. These latter organizations appear to operate with little in the way of financial resources. Whether this is an optimal way for these organizations to operate is a question that remains to be answered.

Because of the lack of data on voluntary organizations in Canada, it is virtually impossible to develop a comprehensive picture of their contributions to Canadian society. Nonprofit organizations and their activities are hidden from view in virtually all of the government data that map the important dimensions of Canadian life. More information is needed to be able to assess the current state of the voluntary sector, at least from an organizational perspective. There remain a number of unanswered fundamental questions. These include:

- How many voluntary organizations exist?
- What public benefits do they provide or attempt to provide?

- What is their financial health or vulnerability?
- How do they engage citizens and use volunteers (e.g., are they a vehicle for social inclusion and civic engagement)?
- What are their human resource capabilities and weaknesses?
- What strengths and deficits do they have with regard to the use of technology?
- What are the comparative strengths and weaknesses of Canada's voluntary sector relative to those in other countries?

Voluntary action and voluntary organizations are currently the subject of policy debate in a number of arenas with questions being raised about matters such as appropriate regulatory frameworks and effective enabling strategies and mechanisms. Unfortunately, our inability to present any balanced assessment of the current state of voluntary action limits our ability to address these issues in an informed way. This state of affairs significantly impedes progress in the development of voluntary action in Canada.

Individual Voluntary Action

Almost every Canadian has some involvement with voluntary organizations according to the 1997 National Survey of Giving, Volunteering, and Participating (NSGVP). They support voluntary organization through donations, through volunteering their time or through their membership in an organization. In addition to their support of voluntary organizations an impressive number of Canadians provide assistance directly to individuals.

The NSGVP, a survey of 18,301 Canadians aged 15 and over, was conducted in the fall of 1997 and collected information about giving and volunteering over the previous year.⁵ It provides us with a wealth of information that can be used to assess the state of voluntary action in Canada today at least from the perspective of the activities of individual Canadians.

In their review of findings from the NSGVP, Hall et al. (1998) report that:

- 88% of Canadians give either money or goods to charitable or non-profit organizations;
- 31.4% volunteer their time to charitable or non-profit organizations;

⁵ The NSGVP is a joint project of the Canadian Centre for Philanthropy, Volunteer Canada, Canadian Heritage, Health Canada, Human Resources Development Canada, the Kahanoff Foundation's Nonprofit Sector Research Fund and Statistics Canada. Additional analyses of the results of the NSGVP can be obtained from NSGVP online, a web-site dedicated to disseminating the results of the survey that can be accessed via www.nsgvp.org or www.ccp.ca.

- 50% are members of community organizations (including work-related organizations such as unions or professional associations, sports and recreation organizations, and groups affiliated with religious organizations); and,
- 40% give money to people who live outside their home.

The total reported financial donations to organizations amounted to \$4.44 billion in financial support while the total number of hours contributed amounted to 1.11 billion hours. These contributions are the equivalent of 578,000 full time jobs, an amount roughly equal to the labour force of Manitoba.

These results show that impressive numbers of Canadians are engaged in voluntary action either directly or through their support of voluntary organizations. The following sections provide greater detail about the charitable giving and volunteering of Canadians and outline some of the ways in which giving and volunteering has changed over the past number of years. What will become apparent is that while most Canadians are engaged in voluntary action, there is a small active minority who provide the bulk of support and involvement. Moreover, despite a generally favourable attitude about voluntary organizations, the public has concerns about some of their activities.

Charitable Giving

Almost 9 in ten (88%) Canadians reported making financial or in-kind donations to voluntary organizations⁶ over the one year period assessed by the NSGVP. Close to eight out of ten (78%) made direct financial donations to an organization which totalled

to \$4.45 billion. The average annual donation amounted to \$239. Over one-third (36%) supported organizations by depositing spare change in cash boxes that are often located beside cash registers in stores and gave \$74.8 million in the process. Canadians also supported voluntary organizations by spending \$1.28 billion on the purchase of goods, charity-sponsored raffle or lottery tickets, and charitable gaming. Over half (52%) donated food to organizations such as food banks, and almost two-thirds (63%) donated clothing or goods to an organization. Three percent reported having left a bequest to a charitable or nonprofit organization.

What Types of Organizations Are Supported? According to the NSGVP, over half of all charitable giving (51% or \$2.26 billion) goes to religious organizations and the average donation to religious organizations is more than twice the size of donations to non-religious organizations (\$270 vs. \$125). Health organizations receive the second largest percentage of donations, 17% or \$733 million, followed by Social Service organizations, which receive 11% of the total value of all donations or \$504 million. Philanthropy and voluntarism organizations such as foundations, and fundraising organizations (e.g., United Ways) are fourth most popular in terms of dollars received, accounting for 6% of the total value of donations (\$270 million).

Changes in Charitable Giving

The NSGVP measures charitable giving for 1997 only and there are no comparable earlier surveys that allow for an assessment of changes in charitable giving over time.

⁶ The NSGVP asked people about their involvement with "charitable and nonprofit organizations".

We are able, however, to draw on work conducted by the Canadian Centre for Philanthropy (Bozzo & Parmegianni, 1998; Hall & Bozzo, 1997) that tracks changes in the charitable donations that are claimed for tax purposes using data compiled by Revenue Canada and Statistics Canada. Our trend analysis begins with 1984 donation data, the first year in which taxfilers were required to submit receipts for all donations claimed for income tax purposes. Because taxation statistics are released almost 2 years after a given taxation year, 1997 is the most recent year for which donation data are available. These statistics generally show only modest growth in donations in the 1990's.

Before outlining the trends in donations from 1984 to 1997, it is important to note some of the limitations of estimates of charitable giving that are based on taxation statistics.

Taxation statistics are imperfect meaures of giving for a number of reasons. First, not all Canadians are taxfilers. Second, taxation statistics underestimate giving to some unknown extent because: a) charities may not issue receipts for all the donations they receive; b) individuals do not claim all of the donations for which receipts are issued for tax purposes; and c) donations are made to voluntary organizations that are not registered as charities and cannot therefore issue tax receipts. Taxation statistics may also overestimate giving to some unknown extent because donations can be accumulated for up to five years before they are claimed and there are tax advantages for doing so. As well, couples within the same household can pool their donations and claim them on one of their tax forms to maximize the tax credit received. It is evident that taxation statistics have a number of biases, however, one can assume that these biases operate in much the

same way from year to year. As a result they can be used to track changes in giving over time.

Total Donations. As Figure 1 shows, donations grew by 68.4% (30.2% in real growth, i.e., controlling for inflation) from 1984 through 1990. However, little growth was evident from 1990 to 1995 (only 2.3% in real growth). A dramatic 14.2% growth in claimed donations (12.5% in real growth) that began in 1996 coincided with s to the tax system in 1996 and 1997 allowed taxfilers to increase the amount of charitable contributions that they may claim. The growth continues into 1997, although at a lower level. The total amount of donations claimed climbed by \$257 million from 1996 to 1997, representing an increase of 6.4% in current dollars and a 4.7% increase in real dollars.

Average Donations. As Figure 2 shows, average donations measured in current dollars have increased every year since 1984. However, most of these increases reflect the effects of inflation, which averaged 4.6% per year from 1984 through 1991 and 1.5% per year from 1992 to 1997. Controlling for inflation, average donations reached their lowest levels in 1991 and have been increasing slowly since that time. The growth that began in 1996, which brought real average donations above 1984 levels for the first time, continues in 1997.

⁷ Before 1996, the maximum amount of donations that a taxfiler could claim for tax credits was 20% of his or her taxable income. In 1996, the maximum amount changed to 50% of taxable income plus 50% of taxable capital gains on donations (minus deductions claimed for those gains). In 1997, the maximum amount that a taxfiler could claim was raised from 50% to 75% of their taxable income, and a 50% reduction in the capital gains tax was instituted on any publicly traded equities donated to a registered charity. For some donors, this means that they were able to claim tax credits for donations that were previously unrecognized by Revenue Canada. The observed increases in 1996 and 1997 therefore are likely to reflect a combination of increases in actual giving due to changes in tax incentives for donations, and the ability of donors to claim previously ineligible donations for tax credits.

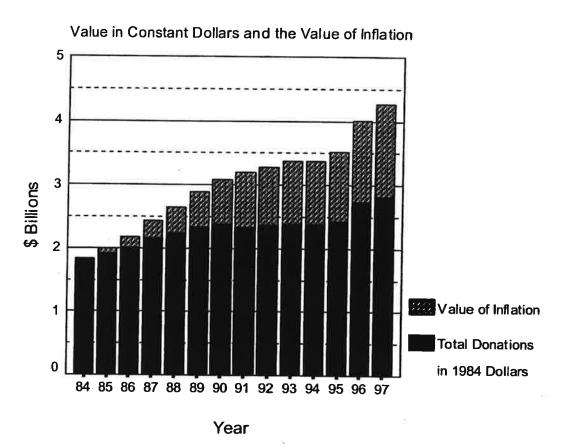


Figure 1. Total Donations Claimed By Taxfilers: 1984 - 1997

Note. From "Trends in Individual Donations: 1984-1997," by S. L. Bozzo, & M. Parmegiani, 1999, Research Bulletin. 6(1). Toronto: Canadian Centre for Philanthropy. Copyright 1999 by the Canadian Centre for Philanthropy

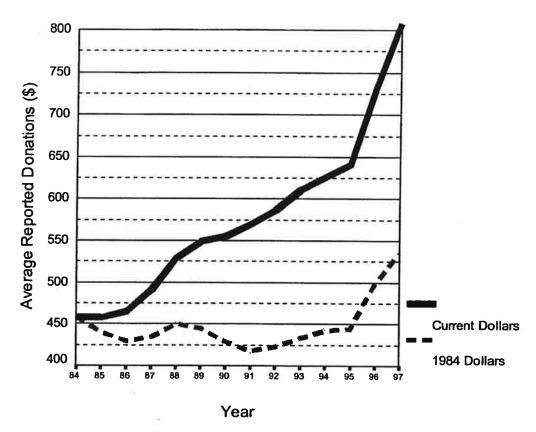


Figure 2. Average Reported Donations: 1984 - 1997

Note. From "Trends in Individual Donations: 1984-1997," by S. L. Bozzo, & M. Parmegiani, 1999, Research Bulletin. 6(1). Toronto: Canadian Centre for Philanthropy. Copyright 1999 by the Canadian Centre for Philanthropy.

Percentage of Donors. In 1997, 25.7% of taxfilers claimed a charitable donation compared to 26.4% in the previous year. As Figure 3 shows, the percentage of filers who claimed donations increased steadily from 1984 to 1990 (with the exception of a small decline in 1988 when tax deductions for donations were changed to tax credits). The percentage of filers who claimed donations peaked in 1990 at 29.5% and has been declining since then.

The Economic Context. Trends in donations have tended to reflect economic conditions in the country, at least as measured by the Gross Domestic Product (GDP). Figure 4 shows the cumulative changes in donations and GDP since 1984, controlling for changes due to inflation. Changes in claimed donations tended to move in accordance with changes in GDP until the changes in the tax system that were introduced in 1996. Before then, increases in donations generally outpaced increases in GDP, while decreases in donations were not as great as the accompanying decreases in GDP.

Donations have increased by 56.8% in real dollars since 1984. With the exception of 1996 and 1997, there was generally greater growth evident in the 1980s than in the 1990s. This growth has occurred despite the fact that real median incomes (i.e., income that has been adjusted for inflation) have, for the most part, been declining. As Figure 4 shows, real median incomes levels have declined 10% since 1985.

These results indicate that support for voluntary organizations has been quite robust.

Although there have been periods of little growth there has not been a decline in charitable giving since 1984. Indeed giving has increased even in the face of declines in the real median incomes. One cautionary note emerges, however, the percentage of tax

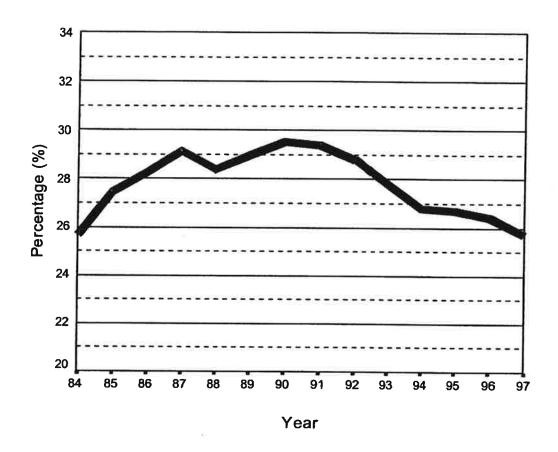


Figure 3. Donors as a Percentage of Taxfilers: 1984 - 1997

Note. From "Trends in Individual Donations: 1984-1997," by S. L. Bozzo, & M. Parmegiani, 1999, Research Bulletin. 6(1). Toronto: Canadian Centre for Philanthropy. Copyright 1999 by the Canadian Centre for Philanthropy.

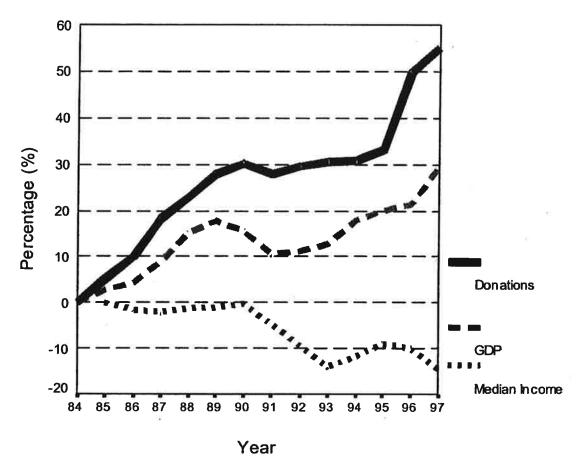


Figure 4. Cumulative Change in Donations, Income and GDP,1984 - 1997

Note. From "Trends in Individual Donations: 1984-1997," by S. L. Bozzo, & M. Parmegiani, 1999, Research Bulletin. 6(1). Toronto: Canadian Centre for Philanthropy. Copyright 1999 by the Canadian Centre for Philanthropy.

filers who claim donations has been declining modestly since 1990 which suggests that the observed growth in donations is occurring in the presence of a shrinking donor base.

Volunteering

According to the NSGVP, close to a third (31.4%) of the population aged 15 and over, 7.5 million Canadians, volunteered for a voluntary organization between November 1, 1996 and October 31, 1997 (Hall et al. 1998). These individuals contributed 149 hours on average for a total of 1.11 billion hours.

Volunteers do everything from fundraising to providing transportation for others. The most common activities are:

- Organizing or supervising activities or events (51%)
- Canvassing, campaigning, or fundraising (44%)
- Serving as an unpaid member of a board or committee (38%)
- Performing office or administrative work (28%)
- Providing information or helping to educate people, influencing public opinion, or lobbying others on behalf of an organization (27%)
- Teaching or coaching (26%)
- Providing care or support to others (23%)

What Types of Organizations are Supported? Most volunteering is done for 5 types of organizations. Close to one-fifth (21%) of all volunteer hours go to social

service organizations, while religious organizations receive 18% of all volunteer hours. Recreation, social and service club organizations are next with 17% of volunteer hours, followed by sports organizations (11% of hours) and health organizations (10%).

Changes in Volunteering

One of the most surprising findings of the NSGVP was the apparent increase in the rate of volunteering since the 1987 Voluntary Activity Survey (VAS) (Hall et al. 1998). In 1987 the VAS showed that 26.8% of the population volunteered. Ten years later, the NSGVP showed that the percentage of population volunteering had increased by 4.6 percentage points to 31.4%. In addition, the total number of hours volunteered increased by 9% (from 1.02 billion to 1.11 billion). However, the average number of hours contributed per volunteer decreased by 42 hours, from 191 to 149. More people appear to be volunteering than was the case ten years earlier, but those who volunteer do so for shorter periods of time.

These results would appear to suggest that volunteerism is thriving and that Canadians are becoming increasingly engaged in their community life. However this interpretation of these findings may be overly optimistic. First, it is important to note that much of the increase in the volunteer rate is attributable to an increase in volunteering among Canadian youth (ages 15 to 24), who appear to be volunteering to improve their prospects in the labour market. However, youths volunteer less time on average than others. As

well, those who are 25 to 44 appear to be contributing less in terms of the total number of hours volunteered than did the 25 to 44 year olds of ten years ago.

While the volunteer rate for other age groups remained stable or increased only slightly, the volunteer rate for youth (aged 15-24) almost doubled between 1987 and 1997 (from 18% in 1987 to 33% in 1997). There was a decline in the average amount of time contributed for most age groups, but the decline was smallest among those who were 45 years and older (33 hours, from 203 to 170 hours) and among youth aged 15 to 24 (49 hours, from 174 to 125). The biggest decline was among those aged 25 to 44 for whom the average number of hours per year declined by 75 hours (from 187 to 138).

The total number of hours contributed increased by 9% or 91 million hours between 1987 and 1998. However, there was not a uniform increase in contributions among the various age groups. Although the contribution from youth increased by 39 million hours, that increase was more than offset by a decline in volunteer hours of 42 million hours among those aged 25 to 44. The total number of volunteer hours contributed by Canadians 45 years and older, on the other hand increased by close to 95 million hours.

There do appear to be some identifiable differences between the motivations of youths aged 15 to 24 and those who are older which offer some explanations for the increase in youth volunteering. However, neither the decline in the number of hours contributed by those aged 25 to 44 nor the increase in hours volunteered by the over 45 are readily explained by the NSGVP data.

The decline in the number of hours contributed by 25 to 44 year olds does gives cause for concern. In 1987, many of this age group were part of the lowest volunteering age cohort, the 15 to 24 year olds. Ten years later they not only continue to volunteer less than those who are older than them, but they also volunteer less than the 25 to 44 year olds of 10 years ago. If the present trend continues, one can predict a future decline in volunteering as the members of the current 45 and over age cohort are replaced by individuals from the current 25 to 44 year old age group.

Why Has Youth Volunteering Increased? One of the major differences between youth volunteers (those aged 15 to 24) and others, is the extent to which their volunteering appears to be linked to their attempts to enter and succeed in the labour force. Over half (54%) of youth volunteers indicate that one of the reasons that they volunteer is to improve their job skills, while only 22% of other volunteers indicate that this is reason for their volunteering. Some 46% believe that their volunteer activities gave them new skills that they could apply directly to their job (compared to 34% of volunteers overall). In addition, almost two-thirds (65%) of youth volunteers who are unemployed believe that volunteering will increase chances of finding a job (compared to 54% overall). Indeed, their appears to be some validity to these beliefs, 24% reported that their volunteer experience actually did help them find employment (compared to 14% overall).

Our argument that the recent increase in youth volunteering is, to some extent, attributable to utilitarian motivations to enter and succeed in the labour force has

important implications for the voluntary sector. First, it suggests that once these youth have entered the labour market their original motivation for volunteering may no longer be strong enough to ensure that they continue their volunteer activity. Unless these volunteers develop additional reasons for volunteering they are likely to reduce or stop their volunteer activities. Voluntary organizations will have to provide volunteer experiences that are sufficiently rewarding to ensure that that youths will continue to volunteer once their initial job-related motivations for volunteering are satisfied.

The Prospects for Voluntary Action: Areas of Potential Vulnerability

The Thin Base of Support

An impressive number of Canadians engage in activities to support one another and their communities through their charitable donations and contributions of volunteer time. The limited evidence that we have available to us suggests that people have been modestly increasing their support for voluntary organizations over the past decade. A number of cautionary notes have emerged from our analyses, however. There are suggestions that the base of donors has been slowly shrinking since 1990 and that the potential seems to exist for a decline in volunteering in the future. However, one of the greatest challenges that voluntary organizations may face is their vulnerability to a decline in support from the small segment of the population who provide the bulk of their support.

The NSGVP shows that despite a very broad rate of participation – virtually everybody provides some type of support to voluntary organizations and individuals – most contributions are quite modest. In fact, charitable and nonprofit organizations rely on a very small segment of the population to provide the bulk of charitable donations and volunteer time.

As Hall and Febbraro (1999a) show, charitable donations in Canada, like many other types of economic activity, appear to conform to Pareto's Principle or the 80:20 rule (see Figure 5). The 20% of all Canadians who are "major donors" (i.e., who are among the top 25% in amount given) account for 80% of the total dollar value of all donations made. Contributions of volunteer time display a similar but more extreme pattern. The 8% of all Canadians who are "major volunteers" (i.e., who are among the top 25% in time contributed) provide 72% of all volunteer hours (see Figure 6).

Voluntary organizations depend upon a very small percentage of the Canadian population to provide them with their key resources of charitable donations and volunteer time. This should give cause for concern. Any decline in charitable donations among those major donors who provide the bulk of charitable monies, and any decline in volunteering among the major volunteers who provide most of the volunteer time, could result in substantial declines in the availability of these two key resources to the voluntary sector.

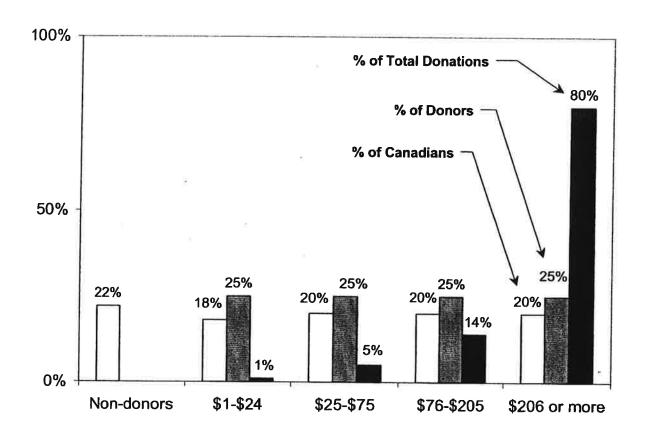


Figure 5. The Distribution of Charitable Donations.

Note. From "Much comes from the few: The thin base of support for charitable and nonprofit organizations," by M. H. Hall & A. R. Febbraro, 1999, Research Bulletin. 6(2). Toronto: Canadian Centre for Philanthropy. Copyright 1999 by the Canadian Centre for Philanthropy.

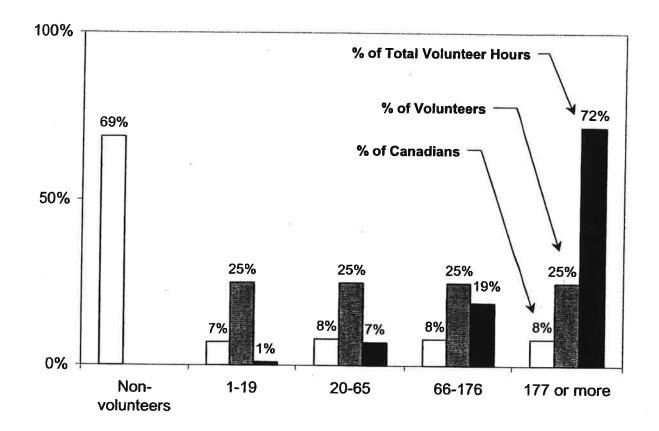


Figure 6. The Distribution of Volunteer Hours.

Note. From "Much comes from the few: The thin base of support for charitable and nonprofit organizations," by M. H. Hall & A. R. Febbraro, 1999, Research Bulletin. 6(2). Toronto: Canadian Centre for Philanthropy. Copyright 1999 by the Canadian Centre for Philanthropy.

The potential vulnerability of voluntary organizations to declines in giving and volunteering from the small group of major volunteers and donors is exacerbated by the fact that the small group of major volunteers and the small group of major donors are comprised of many of the same individuals. The "core supporters" who are both major donors and major volunteers represent 10.7% of all Canadians and provide over half (51.5%) of the total dollar value of all donations and 42% of all volunteer hours (Hall & Febbraro 1999a).

How vulnerable are voluntary organizations to a decline in the giving and volunteering of those individuals who provide most of the support to the sector? Although the question cannot be answered directly with available data, one can begin to assess this by examining who the major donors, major volunteers and core supporters are.

Let us turn first to the major donors, those 20% of Canadians who provide 80% of all donations. As Hall & Febbraro (1999b) show, these individuals tend to be older, are more likely to be married, to be employed full-time, to have higher incomes, and to have a university degree. What is most striking is their religious activity. Forty-five percent of major donors attend religious services weekly compared to just 14% of the rest of the Canadian population.

The major volunteers, those 8% of Canadians who account for 72% of all volunteer hours are more likely than other Canadians to be between the ages of 35 and 64, to be married, to have children between the ages of 6 and 17, to be in higher income groups, and to have

a university degree. As was the case for major donors these volunteers are more than twice as likely as other Canadians to attend religious services weekly. Thirty-nine percent of major volunteers attend religious services on a weekly basis compared to 18.5% of the rest of the Canadian population.

Finally, let us examine the characteristics of the core supporters, the 10.7% of Canadians who are *both* major volunteers and major donors, who account for over half of all donations and 42% of volunteer time. Compared to the population as a whole, core supporters tend to be older, to be female and to be employed full-time. They are much more likely to be married and to have children between the ages of 6 and 17. They also tend to have much higher incomes and are much more likely to have a university degree. Again, however, the most noticeable difference between core supporters and other Canadians is their religious activity. They are more than three times as likely as the rest of the population to attend religious services on a weekly basis (51.9% vs. 16.3%).

Perhaps, the biggest feature that distinguishes major donors, major volunteers and core supporters as a group from the rest of the Canadian population. is their high level of religious involvement⁸. It seems reasonable to conclude that religious activity serves to promote voluntary contributions of time and money in support of others and communities.

⁸ For a detailed analysis of the relationship between religious activity and both volunteering and charitable giving see Bowen, K. (1999). *Religion, volunteering, and charitable giving: A report.* Ottawa: Volunteer Canada and the Canadian Centre for Philanthropy.

The concentration of support in a small percentage of the population has important implications for those in the charitable and nonprofit sector. The dependence of voluntary organizations on a small percentage of the population for providing the bulk of support is an area of vulnerability. In addition, if religious activity is a determinant of charitable giving and volunteering, then any decline in religious activity is likely to lead to a decline in voluntary action because one of the hallmarks of the most active donors and volunteers is their religious activity.

The Public's Concerns

Although there is ample evidence that Canadians are prepared to support voluntary organizations with their charitable giving and contributions of their time, it is evident that some Canadians are more engaged than others.

Underlying the broad but shallow level of involvement with voluntary organizations appears to be an undercurrent of skepticism as qualitative research conducted by the Canadian Centre for Philanthropy (Hall and Parmegiani, 1998) and analyses of data collected via the NSGVP show (Hall and Febbraro, 1999b). Despite an overall favourable attitude towards charitable and nonprofit organizations many people question how efficiently their donated dollars are being spent and how effective organizations are.

Hall and Febbraro (1999b) report that 91% of Canadians agree that "charitable and voluntary organizations play a major role in making our communities better places to live." However, 82% of donors and 72% of non-donors have concerns about how charitable organizations spend their money and conduct their fundraising. For example,

61% of donors agreed that "there seems to be so many organizations seeking donations for one cause or, sometimes you don't feel like giving to any organizations." In addition, 41% of donors indicated that they do not donate more because they "think the money will not be used efficiently (40% vs. 35%) and that the money spent by charitable organizations on administration or fundraising is "too much". Perhaps the most troubling finding to emerge is that these concerns are more likely to be expressed by those major donors who account for the bulk of all donations.

Canadians, and particularly donors, do not hold completely positive views about the fundraising practices of charitable organizations and the way they spend their money.

Voluntary organizations who may be faced with a shrinking donor base and an over reliance on a thin base of support need to address the types of public concerns that appear to be evident from this research.

Conclusion

Over the past decade voluntary organizations have witnessed dramatic changes in the political and policy environment in which they operate. They have had to learn new ways of conducting their activities and new ways of relating to the individual Canadians who support them in their work. Although there appears to be a robust amount of support that has not diminished over the past years, there also appear to be early signs of cracks in the foundation of support for voluntary action.

Voluntary organizations have had to respond to reductions in funding from traditional sources and to increased competition for financial resources. The retrenchment of government has provided some with the opportunities to take on new responsibilities and saddled others with the challenge of meeting increased demands for their services brought about by the withdrawal of governments from social programs. Although there is growing recognition among policy makers of the importance of the voluntary sector this has been cold comfort for many organizations that struggle daily to keep their organizations going.

There are also changes in the support that voluntary organizations receive from individual Canadians. Donations to voluntary organizations continue to grow year after year, but the percentage of Canadians making donations appears to be shrinking. In contrast, the percentage of Canadians who volunteer appears to be growing, but the average amount of time that individuals spend volunteering has declined. The demographic composition of

volunteers is also changing. More youth are volunteering and they bring with them very practical motivations for their volunteering – the desire to get a job and succeed in the labour force. The volunteer force also appears to be aging, those who are 45 and older now provide the bulk of volunteer hours, whereas ten years ago it was the 25 to 44 year olds who accounted for most of the volunteer hours.

Nevertheless, support for voluntary organizations has not diminished, rather it has grown over the past ten years. Although there have been periods of little growth, there has not been a decline in charitable giving since 1984, and giving has been increasing even in the face of declines in real median incomes. As the percentage of the population who volunteers has grown so has total number of volunteer hours contributed to voluntary organizations.

However, voluntary organizations should be concerned about the extent to which they rely on a small minority of Canadians to provide the bulk of financial donations and contributions of voluntary time. These findings suggest two areas of vulnerability. First, there is the danger of relying on such a narrow base of the population for support. Any declines in this narrow segment of the population will have dramatic impacts upon voluntary organizations.

There is, however, another issue that voluntary organizations should address. If one of the benefits of voluntary organizations is that they provide a means for addressing collective needs that governments do not, then one would hope that the 11% of

Canadians who contribute half of all donations and 42% of all volunteer time would be more representative of the population as a whole. But, they are not. Compared to others they are more likely to be middle-aged, university educated, to have higher levels of income, to have children and to be religiously active. Voluntary organizations are predominantly supported by the relatively privileged segments of society. Whether or not this also means that these organization work primarily to meet the particular needs of this group is a question that requires further exploration.

Finally, there is the issue of the public's concerns about how voluntary organizations fundraise and use their money. These are really questions about stewardship and suggest that Canadians, particularly those who are involved already with voluntary organizations, are beginning to question organized voluntary action.

Voluntary organizations are already attempting to meet some of these challenges. The recent Panel on Accountability and Governance in the Voluntary Sector (PAGVS) was an initiative of a number of national voluntary organizations that was intended to safeguard public trust in voluntary organizations by developing recommendations for promoting effective governance and accountability (PAGVS, 1999). At the national level, leaders of voluntary organizations have been working with the federal government through a joint tables process to develop strategies to, among other things, improve the regulatory framework in which voluntary organizations operate and strengthen the capacity of voluntary organizations to fulfil their social missions.

Voluntary organizations are looking for information to guide them in their efforts to meet the challenges they face. Our understanding of the narrow and potentially fragile base of support for voluntary organizations, for example, would not have been possible without the active efforts of a number of national voluntary organizations to conduct the NSGVP. There has been an improvement in the strategic information that organizations can avail themselves of to meet the challenges ahead, although there still remain enormous gaps in our knowledge about voluntary organizations, their contributions and their strengths and weaknesses.

Voluntary action continues to be an important part of the Canadian fabric and volunteer organizations presently enjoy broad based, albeit, shallow levels of support. They, nevertheless, appear to be increasingly subject to changes in their external environment that threaten to undermine them. Increasing competition for scarce resources, a shifting public policy environment, and the changing demographics of their supporters are but a few of the factors that organizations will need to address in the near future if they are to continue to play an integral role in Canadian life.

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