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EDITORIAL / ÉDITORIAL

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Hello ANSER-J readership! Welcome to our second edition as editors of this journal! We are very excited to bring to you a range of articles dealing with important issues in nonprofit and social economy research in this Spring edition. We look forward to your readership, and hopefully your participation in future editions. We also encourage readers to contact us with their comments about articles and suggestions for future topics they would like to see in the journal.

As we head to the mid-point of 2016 we are taking stock of our journal and looking to expand our contributions and readership into new areas. While our readership remains strong and growing, we think that we can continue to expand our reach, and we look forward to sharing with you in the months and years to come the results of our efforts. As part of this effort, as we mentioned in our last editorial, we are working hard at renewing our editorial board and internationalizing our readership as well as strengthening our Canadian content in both official languages.

We are excited to have another French language contribution in this Spring edition, and encourage readers to contact us if they are interested in participating in the journal as authors, as reviewers, or

C'est avec grand plaisir que nous vous présentons ce numéro du printemps de la *Revue canadienne sur les OSBL et l'économie sociale*. Comme toujours, il aborde des sujets divers ancrés dans plusieurs disciplines. N'hésitez surtout pas à nous faire parvenir vos commentaires, critiques et, bien sûr, vos propositions d'article. La *Revue* cherche constamment à améliorer son contenu et à diversifier son lectorat : le secteur des OSBL et de l'économie sociale mérite en effet une revue de qualité, en constant renouvellement et bien positionnée sur la scène internationale.

Nous travaillons présentement à la consolidation du comité éditorial, de même qu'à développer un lectorat au-delà des frontières canadiennes. Nous nous penchons aussi sur le renforcement de la section française de la *Revue*. Seul véhicule d'analyses critiques en provenance des milieux francophones minoritaires au Canada, nous sommes donc activement à la recherche d'articles faisant état d'expériences ou d'analyses en provenance des provinces de l'Ouest, de l'Atlantique ou de l'Ontario.

Nous vous invitons aussi à nous soumettre des articles ancrés dans les milieux francophones majoritaires du Québec, en cette période de revers successifs, d'austérité et de démantèlement du réseau



Éditorial / Editorial (Spring / Printemps 2016)

if they are interested in serving on our editorial board. We also encourage authors to send us books to review in both languages.

Perhaps more importantly Denyse and I are looking to increase the critical nature of the journal, including new voices and bringing the debates occurring in various regions of our country and the world, as well as academic disciplines, to the pages of our journal. We believe that these debates are critical to growing the presence and impact of the nonprofit, co-operative, and social economy in civil society. As recent political events in Canada and around the world demonstrate, the role of our sector is gaining more and more attention amongst policy-makers and society at large, and we believe our journal can be an important contributor to this process. This means, in our opinion, broadening the voices that are contributing to this discussion as well as addressing issues that are current and relevant to our changing times. We encourage practitioners and scholars at all career stages to consider participating in this discussion through the pages of our journal in both official languages.

In closing let us wish you all the best as we move forward into summer and fall, and we hope to hear from you soon!

communautaire engendré par le gouvernement provincial. Très actif dans la construction du Québec contemporain, le secteur communautaire y a joué et joue encore aujourd'hui un rôle central en matière d'innovations sociales et politiques. Les analyses critiques de ce processus de démantèlement trouveront ici un véhicule pertinent, tout comme les recherches et analyses sur les nouvelles formes associatives adaptées aux modes de participation citoyenne des générations montantes.

Nous invitons aussi les auteur/es issus d'autres régions du globe et de la Francophonie en particulier à soumettre leurs écrits pour publication dans la *Revue*.

Bonne lecture et bon été!

LES ORGANISATIONS HYBRIDES

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ABSTRACT

In this article, we study hybrid organizations, namely those practicing social entrepreneurship and those practicing durable entrepreneurship. These organizations do not choose between the contradictory requirements fostered by the objectives that they pursue, be they double objectives (social and economic) or triple (social, economic and environmental). Rather, they choose to accept the tensions inherent in the pursuit of contradictory objectives. This study is based on a cluster analysis of 244 small- and medium-sized enterprises (SMEs). It identifies and distinguishes between three main types of organization, commercial SMEs, social entrepreneurship SMEs and sustainable SMEs. These types of SMEs, even though they resemble each other in their structural characteristics (size, age, revenue), differ in terms of the actualization of their entrepreneurial and market orientations.

RÉSUMÉ

Dans cet article, nous étudions les organisations hybrides, c'est-à-dire celles de l'entrepreneuriat social et de l'entrepreneuriat durable. Ces organisations, plutôt que de choisir entre les exigences contradictoires posées par les objectifs doubles (social et économique) ou triples (social, économique et environnemental) qu'elles s'efforcent d'atteindre, choisissent d'accepter les tensions créées par la poursuite d'objectifs contradictoires. L'étude permet, à partir d'une analyse de regroupement réalisée auprès de 244 PME, d'identifier et de distinguer trois principaux types d'organisation, soit les PME commerciales, les PME d'entrepreneuriat social et les PME d'entrepreneuriat durable. En outre, ces types de PME, dont les caractéristiques structurelles (taille, âge, revenus) ne sont pas différentes, diffèrent en ce qui concerne l'actualisation de l'orientation entrepreneuriale et de l'orientation envers le marché.

KEYWORDS / MOTS CLÉS : Social entrepreneurship; Durable entrepreneurship; Hybrid organizations; Entrepreneurial orientation; Market orientation / Entrepreneuriat social; Entrepreneuriat durable; Organisations hybrides; Orientation entrepreneuriale; Orientation vers le marché

INTRODUCTION

Notre article se concentre sur deux formes d'organisations hybrides qui, plutôt que de choisir entre les exigences contradictoires des objectifs doubles et triples qu'elles s'efforcent d'atteindre, choisissent d'accepter les tensions ainsi créées. Ces organisations sont des hybrides sociales (organisations d'entrepreneuriat social) ainsi que des hybrides durables (organisations d'entrepreneuriat durable).

Les organisations d'entrepreneuriat social (ES) peuvent revêtir diverses formes; elles peuvent être des organisations sans but lucratif, à but lucratif, ou un mélange des deux (Nicholls, 2006). Ces organisations cependant partagent toutes deux points communs : 1) l'entreprise accorde la priorité à la création de valeur sociale et 2) elle s'efforce de s'acquitter de cette mission au moyen de nouveaux modes d'entrepreneuriat et d'innovation (Nicholls, 2006). Les organisations d'ES sont par conséquent des organisations hybrides, c'est-à-dire « des modes d'organisation novateurs qui allient de façon unique des éléments organisationnels et structurels propres aux entreprises à but lucratif et non lucratif ... ainsi que la recherche simultanée de création de richesse publique et privée » (Florin et Schmidt, 2011, p. 166). On peut considérer que les dirigeants de ces organisations acceptent la tension engendrée par la poursuite d'objectifs opposés (Battilana et al., 2012). La première tension, liée aux objectifs sociaux, oriente les décisions vers la redistribution des profits, alors que la seconde, liée aux objectifs commerciaux, oriente plutôt les décisions vers l'efficacité et la concurrence (Pache et Santos, 2013).

D'autres organisations hybrides vont plus loin dans la mesure où elles intègrent également des considérations environnementales. Dans ces organisations hybrides, les valeurs sociales, environnementales et économiques sont étroitement liées (Wilson et Post, 2013). Ces organisations intègrent donc les différentes dimensions du développement durable et acceptent de vivre avec de telles tensions entre les objectifs poursuivis.

Les organisations hybrides amalgament plusieurs identités qui sont parfois incompatibles à première vue (Albert et Whetten, 1985). Cette incompatibilité doit être résolue et les acteurs organisationnels explorent pour ce faire des stratégies leur permettant de gérer la complexité (Smith et Lewis, 2011). Notre recherche porte sur cet aspect. Nous allons étudier les orientations stratégiques des organisations hybrides leur apportant la flexibilité nécessaire pour faire face à cette complexité. La notion d'orientation stratégique se rapporte aux mécanismes de sélection favorisés par la direction qui visent à assurer la cohérence entre les intentions stratégiques et les activités poursuivies (Atuahene-Gima & Ko, 2001).

Les organisations hybrides sont complexes et « nécessite(nt) une équipe de direction en mesure ... de faire face à l'ambiguïté et de laisser la place à l'incertitude » (Smith et Lewis, 2011, p. 396). La gestion de l'hybridité dans les organisations nécessite aussi l'adoption d'orientations stratégiques favorables à sa complexité; elle nécessite des capacités dynamiques. Deux de ces capacités dynamiques liées aux organisations hybrides sociales ont fait l'objet de discussions : l'orientation entrepreneuriale et l'orientation vers le marché (Zahra, 2008). Ces deux orientations stratégiques procurent à l'entreprise le dynamisme nécessaire en favorisant la proactivité, la prise de risques, l'innovation et l'autonomie (orientation entrepreneuriale) tout en tenant compte des informations provenant du marché (orientation marché).

Nous présentons dans un premier temps l'entrepreneuriat social (ES) et l'entrepreneuriat durable, puis deux capacités dynamiques, l'orientation entrepreneuriale (OE) et l'orientation vers le marché (OM). Nous poursuivons en expliquant pourquoi ces capacités sont importantes pour les organisations hybrides sociales et

durables. Nous exposons par la suite la méthodologie de la recherche, les analyses et les résultats, avant de conclure.

À l'heure actuelle, les données empiriques sur les organisations hybrides sont limitées. Cet article permettra de définir les capacités dynamiques des organisations hybrides sociales et durables. Pour ce faire, nous classifions, à l'aide d'une analyse de regroupement (*cluster analysis*), un échantillon de 244 organisations (PME) en fonction des dimensions du développement durable (sociale, environnementale et commerciale). Dans un deuxième temps, nous approfondirons l'analyse de ces organisations en fonction des ressources et des orientations dynamiques jugées favorables pour gagner et conserver un avantage concurrentiel durable (orientation entrepreneuriale et orientation vers le marché) (Zahra, 2008).

ENTREPRENEURIAT SOCIAL : L'ENTREPRISE HYBRIDE SOCIALE

Il existe une variété de concepts se rapportant aux organisations étudiées dans notre recherche, dont deux sont importants à distinguer : les concepts d'*entreprise sociale* et d'*entrepreneuriat social*. Brouard et Larivet (2010) soulignent que l'entrepreneuriat social est un sous-concept de celui d'entreprise sociale. Ceux-ci soutiennent que les entreprises sociales ne sont pas nécessairement entrepreneuriales, ces deux concepts étant liés par les orientations sociales des organisations s'y rattachant, mais ne représentant pas nécessairement le même ensemble d'organisations : seules les entreprises sociales entrepreneuriales seraient en effet comprises dans le sous-ensemble des organisations de l'entrepreneuriat social. Nous avons donc retenu le concept d'organisations d'entrepreneuriat social (ES), car c'est sur ce sous-ensemble que porte notre recherche.

Les organisations d'ES visent à créer une valeur économique et sociale (Austin, Stevenson et Wei Skillern, 2006). Ces organisations, tout comme les organismes de bienfaisance et sans but lucratif, accordent la priorité aux objectifs sociaux (Peredo et McLean, 2006) et emploient des méthodes fondées sur le marché pour obtenir les ressources nécessaires en vue d'atteindre ces objectifs (Lasprogata et Cotten, 2003; Mair et Marti, 2006). Ainsi, les organisations d'entrepreneuriat social « allient l'objectif social traditionnellement associé au secteur sans but lucratif à la rationalité économique et aux approches fondées sur le marché traditionnellement associées aux entreprises à but lucratif » (Wilson et Post, 2013, p. 715).

Les motivations des entreprises de se tourner vers le mode organisationnel de l'entrepreneuriat social découleraient de la réduction des fonds provenant de sources traditionnelles et de la recrudescence de la concurrence pour ces fonds entre les organisations à vocation sociale et les organisations commerciales (Weerarwardena, McDonald et Mort, 2010). C'est donc cette augmentation de la concurrence et la diminution des fonds disponibles qui ont poussé les organisations sociales à adopter des stratégies entrepreneuriales (Zahra, Gedajlovic, Neubaum, et Shulman, 2009), ainsi que les méthodes d'affaires des entreprises commerciales (Eikenberry et Kluver, 2004). Bien que les organisations d'entrepreneuriat social puissent être à but lucratif, elles diffèrent des entreprises commerciales dans la mesure où leur principal objectif est ancré dans leur mission sociale. Par conséquent, les organisations d'entrepreneuriat social constituent « un phénomène organisationnel distinct, car elles semblent combiner délibérément et explicitement, dès leur création, les caractéristiques des deux secteurs » (Wilson et Post, 2013, p. 716). L'encadré 1 ci-dessous présente un exemple d'ES.

Encadré 1 : Exemple d'initiative d'entrepreneuriat social

Le Robin des Bois (<http://robindesbois.ca/>)

Mission commerciale

Le Robin des Bois est un restaurant situé à Montréal. Par la vente de ses produits ainsi que les revenus de son restaurant, cette organisation sans but lucratif vise la redistribution auprès d'organisations impliquées dans leur communauté. L'entreprise verse donc tous ses profits aux organisations suivantes : Jeunesse au Soleil, Le Chaînon, Santropol Roulant, Le Refuge.

Mission sociale

En plus de soutenir les organismes mentionnés plus haut, le Robin des Bois vise à « encourager le bénévolat créatif, l'engagement et le don de soi; sensibiliser les gens aux besoins des plus démunis de notre communauté ». La fondatrice, Judy Servay, souhaite rendre le bénévolat plus accessible et amener ainsi les gens à participer dans leur communauté.

Les entrepreneurs sociaux sont définis comme des agents de changement qui appliquent des méthodes novatrices pour apporter une solution à des problèmes sociaux persistants (Zahra et al., 2009). Le domaine de l'entrepreneuriat social constitue un « domaine d'études extrêmement intersectoriel et un secteur d'activité (englobant les secteurs sans but lucratif, à but lucratif et public) qui tire parti de la créativité et de l'innovation (particularités du domaine de l'entrepreneuriat traditionnel) tout en étant spécifiquement axé sur le changement social (Perrini, 2006) » (Wilson et Post, 2013, p. 716).

Pour certains, les organisations d'ES existeraient lorsqu'elles allient une occasion d'affaires à l'innovation sociale, créant ainsi une valeur sociale dans le processus de recherche d'une occasion d'affaires rentable (Wilson et Post, 2013). Cela n'implique pas pour autant que les organisations d'ES doivent nécessairement être des entreprises à but lucratif (Nicholls, 2006). Dans notre article, la conception mise de l'avant sur les organisations d'ES englobe toutes les organisations qui combinent des objectifs sociaux et commerciaux, tout en accordant la priorité aux activités sociales plutôt que commerciales, qu'elles soient à but lucratif ou non. L'entrepreneuriat social est donc lié à l'économie sociale, mais diffère de cette dernière qui regroupe des organisations démocratiques et dont l'activité « peut être vue comme une action collective axée autour de trois dimensions—sociale, économique et politique » (Brouard et al., 2010, p. 51). L'entrepreneuriat social n'est ni nécessairement démocratique, ni politique (Brouard et al., 2010). Or il a nécessairement un objectif principal qui est social et il utilise des moyens commerciaux ou d'affaires pour atteindre ses objectifs (Hervieux et al., 2010). Certains ont critiqué cette association d'objectifs contradictoires, soulignant la possibilité que la logique du marché éloigne les organisations d'ES de leurs objectifs sociaux. Pourtant, des recherches s'étant penchées sur le discours des acteurs institutionnels (Ruebottom, 2013) indiquent que les acteurs des organisations d'ES tiennent un discours qui met l'accent sur l'aspect positif de cette tension entre logiques marchande et sociale (Ruebottom, 2013). Les organisations d'ES ont tendance à accepter les tensions créées par les doubles identités inhérentes à cette forme organisationnelle. Les réponses stratégiques mises en place par ces organisations mèneraient à l'adoption de façons de faire entrepreneuriales (Sharir et Lerner, 2006), d'une position orientée vers l'innovation (Weerarwardena et al., 2010), ainsi que d'une orientation vers le marché (Nicholls, 2006; Nicholls et Cho, 2006).

L'ENTREPRENEURIAT DURABLE : ORGANISATIONS HYBRIDES DURABLES

Tandis que les organisations d'ES accordent la priorité aux objectifs sociaux par rapport aux objectifs commerciaux, les organisations d'entrepreneuriat durable se distinguent dans la mesure où elles aspirent à être des entreprises commerciales durables. La vision des entrepreneurs sociaux consiste à atténuer un problème social (Austin et al., 2006; Veda et Kidwell, 2007). Les entrepreneurs durables « se concentrent (plutôt) sur une idée commerciale qui équilibre les répercussions économiques, sociales et environnementales de leurs activités » (Spence, Gherib et Biwolé, 2010, p. 340). Ces entreprises recherchent des solutions « mutuellement gagnantes » qui remettent profondément en question des hypothèses enracinées selon lesquelles le développement durable n'est possible qu'en sacrifiant la rentabilité économique (Cohen et Winn, 2007). Comme le proposent Spence et al. (2010), les entrepreneurs qui dirigent des entreprises durables doivent avoir une vision claire de l'orientation de leur entreprise et cette orientation doit inclure le développement durable. Ils figureraient parmi les premiers à trouver des occasions d'affaires durables et à y donner suite avant leurs concurrents, étant donné qu'ils estiment que cette stratégie proactive peut constituer une source de profit (Shapiro, 1975) et/ou qu'elle peut créer de la valeur et préserver la richesse pour les générations futures (Biondi, Iraldo et Meredith, 2002; Longo, Mura et Bonoli, 2005).

Ces organisations hybrides adoptent une orientation entrepreneuriale qui conçoit l'innovation comme ayant le potentiel de résoudre des défis sociaux et environnementaux, puisque « l'exploitation du potentiel novateur de l'entrepreneuriat pour relever les défis environnementaux au moyen de solutions d'affaires novatrices permettra de réaliser des gains réels » (Cohen et Winn, 2007, p. 30). Contrairement à l'entrepreneuriat social où la plupart considèrent que les profits sont seulement pertinents dans la mesure où ils aident l'organisation à réaliser sa mission sociale (Dees, 1998), l'entrepreneuriat durable est par définition à but lucratif. Par conséquent, « les innovations nécessaires proviendront vraisemblablement des entrepreneurs qui sont en mesure de trouver des occasions, d'obtenir des rentes de l'entrepreneur tout en relevant simultanément des défis environnementaux et sociaux, progressant ainsi vers les triples résultats » (Cohen et Winn, 2007, p. 30) (voir encadré 2).

Les organisations hybrides sociales (entrepreneuriat social) et les organisations hybrides durables adoptent toutes deux des orientations entrepreneuriales et marchandes qui leur apportent des compétences utiles à la réconciliation de leurs identités multiples. Nous présentons ces deux orientations dans la prochaine section.

Encadré 2 : Exemple d'initiative d'entrepreneuriat durable

Café Rico (http://www.caferico.qc.ca/#le_cafe_rico)

Mission commerciale

Petit café de quartier, Café Rico est un restaurant et torréfacteur de café engagé dans la vente de produits équitables et biologiques. L'entreprise se décrit en fait comme une entreprise à « 100% équitable et biologique ».

Mission sociale

Café Rico pratique ce qu'il nomme « un commerce équitable engagé » et poursuit plusieurs objectifs sociaux : travailler en partenariat avec les producteurs du Sud en favorisant la redistribution des profits, faire du restaurant un lieu de rencontre culturel et social, favoriser la création de liens de solidarité auprès des producteurs québécois.

ORIENTATION ENTREPRENEURIALE ET ORIENTATION VERS LE MARCHÉ

Lumpkin et Dess (1996) distinguent l'entrepreneuriat de l'orientation entrepreneuriale (OE). Il s'agit d'une distinction similaire à celle faite entre le contenu de la stratégie et le processus. L'entrepreneuriat serait une nouvelle entrée (par exemple, la pénétration de nouveaux marchés, la création de nouvelles entreprises ou d'initiatives au sein de l'entreprise); l'orientation entrepreneuriale serait le processus qui mène à une nouvelle entrée. L'orientation entrepreneuriale est donc un positionnement stratégique (Covin et Slevin, 1989) lié à la perspective du choix stratégique. L'OE n'est pas en soi l'entrepreneuriat, mais plutôt « les processus, pratiques et activités de prise de décision » (Lumpkin et Dess, 1996, p. 136) qui mènent à des initiatives entrepreneuriales (Lumpkin et Dess, 1996).

L'orientation entrepreneuriale (OE) a été conçue comme une capacité (Zahra, 2008; Bhuiyan, Menguc et Bell, 2005), une culture (Baker et Sinkula, 2009), une tendance ou une prédisposition (Matsuno, Mentzer et Özsomer, 2002). Ces différentes conceptions mènent à envisager l'OE comme un ensemble de capacités dynamiques résidant dans les processus organisationnels, la culture d'entreprise et les routines (Zahra, 2008) et permettant de rechercher et d'exploiter des occasions de nouvelles entrées. L'OE est aussi un mécanisme de sélection qui vise à soutenir et à promouvoir les actes d'entrepreneuriat. L'OE est donc un « mécanisme d'apprentissage social de sélection [...] qui détermine la façon dont les membres de l'organisation traitent l'information » (Atuahene-Gima et Ko, 2001, p. 55) et qui encourage la prise de risque, la proactivité et l'innovation. Ces trois dimensions sont les plus courantes dans la recherche sur l'OE (Covin et Wales, 2012). Nous choisissons d'étudier ici aussi l'autonomie, une dimension de l'entrepreneuriat proposée par Lumpkin et Dess (1996), et vise privilégier l'action entrepreneuriale au sein de l'entreprise.

L'orientation entrepreneuriale est une orientation comportementale visant à encourager la prise de risque, un comportement proactif et l'ouverture envers l'innovation (Covin et Slevin, 1989), ainsi que l'autonomie nécessaire aux acteurs organisationnels pour que ceux-ci puissent adopter de tels comportements (Lumpkin et Dess, 1996). L'ouverture envers l'innovation reflète une volonté de faire autrement que ce qui est fait habituellement, le comportement proactif vise à anticiper les besoins futurs et la prise de risques reflète la volonté d'affecter des ressources à l'initiative entrepreneuriale (Lumpkin et Dess, 1996). Quant à l'autonomie, elle renvoie à la liberté accordée aux équipes et aux individus pour que ceux-ci puissent entreprendre des actions indépendantes, de mettre en œuvre des idées et de les mener à terme (Lumpkin et Dess, 1996).

Une étude effectuée par Weerawardena et Mort (2006, p. 33) démontre que l'orientation entrepreneuriale est liée à cette conceptualisation d'un « construit multidimensionnel » ayant comme dimension l'ouverture envers l'innovation, la gestion des risques et un comportement proactif. Lumpkin et Dess (1996) soutiennent en outre que l'ES favorise aussi l'autonomie des acteurs organisationnels visant à atteindre une mission sociale et que les acteurs sont invités à participer et à collaborer à la recherche de nouvelles initiatives.

La recherche d'occasions et le succès de leur exploitation nécessitent un ensemble d'orientations organisationnelles. Ces dernières doivent aussi s'orienter vers le marché. L'orientation vers le marché (OM) désigne « la génération, à l'échelle de l'organisation, d'information sur le marché, la diffusion de cette information au sein des différents services et la réaction à cette information à l'échelle de l'entreprise » (Jaworski et Kohli, 1993, p. 53). Cette orientation influence la manière dont l'information sur le marché est recueillie, partagée et utilisée au sein de l'entreprise.

Trois aspects sont fondamentaux à une orientation plus marchande, soit : la génération de renseignements en rapport au marché (de connaissances sur ce marché), la diffusion de ces renseignements au sein de

l'organisation et enfin la réactivité par rapport à ceux-ci (Jaworski et Kohli, 1993). « Générer des renseignements » consiste à recueillir des informations liées au marché (sur la clientèle, l'environnement concurrentiel et la réglementation) et à diffuser celles-ci (c'est-à-dire à les partager au sein de l'organisation). La réactivité implique l'utilisation des renseignements dans la réalisation des activités commerciales de l'organisation (Chen et Hsu, 2013) au niveau de la conception des produits, des processus ou de l'offre de services.

L'OE et l'OM sont des orientations complémentaires et lorsqu'on mesure l'OE, on doit mesurer également les autres orientations organisationnelles telles que l'OM. Ainsi, alors que l'orientation entrepreneuriale vise à encourager les comportements proactifs d'innovation et de prise de risque en laissant aux acteurs dans l'organisation l'autonomie nécessaire, l'orientation marché vise à encourager la collecte, la diffusion et l'utilisation d'informations liées au marché de l'organisation.

HYBRIDITE, ORIENTATION ENTREPRENEURIALE ET ORIENTATION VERS LE MARCHÉ

Les organisations d'ES sont considérées comme des organisations novatrices et entrepreneuriales (Lumpkin, Moss, Gras, Kato, et Amezcua, 2013). Elles ont les capacités dynamiques nécessaires à la survie d'une organisation hybride (Smith et Lewis, 2011). L'OE procure une souplesse stratégique permettant les actions autonomes et de prise de risque nécessaires à leur survie dans un milieu en évolution (Florin et Schmidt, 2011). Pour être performantes, ces organisations doivent également s'orienter vers le marché. Les objectifs de création simultanée d'une valeur publique et privée nécessitent une souplesse stratégique qu'apportent les orientations stratégiques entrepreneuriale et marchande (Markides, 2008; Smith et al., 2010; Florin et Schmidt, 2011).

Les organisations d'ES doivent aussi comprendre leur environnement. Or, dans l'entrepreneuriat social, c'est l'orientation vers le marché (OM) qui permet de comprendre l'environnement. Des recherches antérieures ont signalé que les organisations d'ES tendent à adopter une orientation vers le marché (Dart, 2004; Nicholls, 2006). Celle-ci les aiderait à mieux comprendre leur environnement, ce qui peut à son tour favoriser l'innovation.

L'autonomie constitue un autre mécanisme important pour donner suite à l'innovation et aux idées entrepreneuriales. Le fait d'encourager les personnes à agir de façon autonome au sein de l'entreprise apporte la souplesse stratégique nécessaire, étant donné que :

Les nouvelles entreprises émanent souvent des niveaux inférieurs de l'organisation (Bower, 1970) et reflètent l'importance de l'autonomie pour les membres de l'organisation qui pourraient se trouver dans le contexte d'une initiative d'entreprise interne [...]; la liberté d'agir en toute indépendance constitue une dimension cruciale de l'orientation entrepreneuriale (Lumpkin et Dess, 1996, p. 141).

Ces orientations stratégiques sont pertinentes aussi pour les organisations hybrides durables qui entreprendront des activités commerciales au même titre que les entreprises à but lucratif tout en intégrant des préoccupations sociales et environnementales.

Étant donné que certaines innovations de produits et de services ou innovations organisationnelles peuvent avoir un effet et un succès limités lorsque la conjoncture du marché est très défavorable, les activités entrepreneuriales qui visent le développement

durable doivent non seulement tenir compte des difficultés du marché, mais aussi s'efforcer d'influer sur la conjoncture du marché (Schaltegger et Wagner, 2011, p. 224).

Par conséquent, l'OM influence l'OE en définissant les besoins et les attentes du marché avant de mettre au point des produits et des services novateurs. Mais en même temps, l'OE influence l'OM puisqu'elle oriente le type d'information recherchée par la direction. Elle donne également une impulsion aux activités d'OM. L'influence des dimensions de l'OE aura aussi un impact sur la façon dont les débouchés sur le marché seront exploités, et puisque l'entrepreneuriat favorise l'innovation, la proactivité et la prise de risque, « les entreprises qui présentent un niveau élevé d'activité entrepreneuriale adopteront des approches plus avancées à l'égard de l'environnement naturel » (Menguc et Ozanne, 2005, p. 433). Ces entreprises durables peuvent également connaître un succès commercial puisque plusieurs prétendent que la réduction des impacts sur l'environnement peut créer un avantage concurrentiel (Chen, 2008), augmenter leur part de marché (Porter et van der Lind, 1995) et, de manière générale, créer une image positive auprès des parties prenantes (Dibrell et al., 2011), puisque les « entreprises solidement orientées vers le marché sont proches de leur clientèle et en mesure de répondre à diverses exigences en constante évolution, que ce soit à l'égard des produits physiques ou des nombreux services associés à ces produits » (Dibrell et al., 2011, p. 470).

On constate donc que l'OE et l'OM constituent des orientations stratégiques importantes pour les organisations hybrides, dans la mesure où elles leur apportent les mécanismes nécessaires pour orienter les processus de décision. Étant donné que les organisations hybrides ont, par nature, des objectifs contradictoires, les deux orientations présentées ici constituent des capacités dynamiques orientant la prise de décision dans des situations complexes et ambiguës (Smith et Lewis, 2011).

L 'IMPORTANCE DES RESSOURCES POUR LES ORGANISATIONS HYBRIDES

Un autre aspect est lié au fait que les organisations hybrides d'entrepreneuriat social et d'entrepreneuriat durable sont généralement des PME (Bacq et al., 2013). Or, l'acquisition de ressources suffisantes est un aspect important pour les PME orientées vers le développement durable. Le manque de ressources financières est souvent identifié comme une barrière importante à l'introduction d'actions de responsabilité sociale et environnementale (RSE) dans les PME (Apospori, 2012). Les PME hybrides, sociales et durables qui visent un double ou triple objectif seront donc elles aussi touchées par la disponibilité des ressources financières.

Une façon de contourner cette faiblesse serait d'utiliser les réseaux qui sont des sources de capital social. En fait, les réseaux sont une source importante de ressources pour les PME et sont perçus comme des catalyseurs pour l'adoption et l'application de la RSE par les PME (Battaglia et al., 2010). Les organisations de l'ES ont à faire face à ces contraintes puisque l'environnement des organisations à vocation sociale est en changement, que les fonds gouvernementaux disponibles sont en baisse et que le nombre d'organisations cherchant à les obtenir est en hausse (Brouard et al., 2010). Afin de contrer ces difficultés, les organisations d'ES se tournent vers des ressources communautaires plutôt que de se concentrer sur l'accumulation de ressources à l'interne (Gras et Lumpkin 2012).

Les ressources communautaires sont accessibles dans les réseaux organisationnels et forment ce qui est communément appelé le capital social. Le capital social se compose des actifs présents dans les relations et serait lié aux réseaux sociaux de l'organisation. Il inclut aussi les ressources disponibles à travers ces réseaux. Plus précisément, le « capital social désigne la capacité des acteurs à extraire les avantages de leurs structures sociales, de leurs réseaux et de leurs appartenances » (Davidsson & Honig, 2003, p. 307). Il facilite la découverte de bonnes occasions et permet que les ressources limitées soient diffusées à travers le réseau

(Davidsson & Honig, 2003). Ainsi, en s'intégrant dans des réseaux organisationnels, les PME acquièrent des ressources qu'elles ne peuvent se permettre à l'interne. Voilà pourquoi nous avons également choisi de mesurer les différentes ressources dont disposent les organisations étudiées.

METHODOLOGIE

Les données ont été recueillies à l'automne 2012 au moyen d'un questionnaire autoadministré rempli en ligne. L'échantillon devait comprendre des organisations sociales et commerciales hybrides de formes juridiques variées, des organisations d'entrepreneuriat social ainsi que des PME commerciales. Les organisations d'entrepreneuriat social ont été sélectionnées au moyen de listes du Centre for Social Innovation, du Conseil pour les entreprises sociales du Canada et d'Ashoka et ClearlySo. Les PME commerciales proviennent du répertoire d'entreprises d'Industrie Canada. Nous avons reçu 244 réponses (114 organisations d'entrepreneuriat social, 130 PME commerciales). Les répondants étaient les présidents-directeurs généraux ou les principaux informateurs de l'organisation.

Une analyse de regroupement a été réalisée afin d'identifier et de regrouper les PME selon la prise en compte des trois axes du développement durable (social, commercial et environnemental) dans les activités de développement et l'offre de produits. L'analyse de regroupement repose également sur ces trois axes. Les types de PME identifiés ont ensuite été profilés et comparés quant à leurs caractéristiques structurelles, leur degré d'actualisation des orientations entrepreneuriales et commerciales, et enfin, leurs ressources.

L'analyse de regroupement a permis d'identifier des grappes (*clusters*) d'organisations similaires sur la base d'une configuration de variables définitionnelles multiples (Gruber et al., 2010; Ketchen et Shook, 1996). Cette analyse a été effectuée en deux étapes (Punj et Stewart, 1983). À la première étape, les variables d'orientation sociale, commerciale et environnementale ont été soumises à une analyse de regroupement selon la méthode de Ward. À la seconde étape, les points médians (centroïdes) des regroupements identifiés à partir de la méthode de Ward ont été utilisés comme valeurs initiales dans une nouvelle analyse suivant la méthode par algorithme des centres de groupes non hiérarchique (*K-means*). La méthode de Ward agglomère hiérarchiquement les observations une à la fois dans un nombre prédéterminé de groupes, de manière à minimiser la variance entre les observations classées à l'intérieur de chacun des groupes. Les solutions produites par l'analyse ont ensuite été étudiées par rapport à la signification théorique des groupes au regard des variables analysées et de l'importance statistique des groupes. Trois groupes ont été retenus à l'issue de l'analyse de Ward. La méthode de Ward, parce qu'elle est agglomérative et hiérarchique, est sous-optimale dans la réaffectation des observations dans les groupes au fur et à mesure que l'analyse progresse. La méthode par algorithme des centres de groupes non hiérarchique a été utilisée afin d'optimiser la solution obtenue avec la méthode de Ward. Elle permet aussi de garantir un maximum d'homogénéité dans les groupes et un maximum d'hétérogénéité entre les groupes (Ketchen et Shook, 1996; Punj et Stewart, 1983). Cette méthode réattribue les observations itérativement entre les groupes jusqu'à ce qu'aucune modification significative ne soit observée dans les centres de groupes (c'est-à-dire qu'aucune observation ne soit réaffectée à un autre groupe). La stabilité de la solution retenue a été vérifiée à l'aide d'une validation croisée empirique. Nous avons effectué l'analyse de regroupement sur deux sous-échantillons sélectionnés au hasard (la moitié de l'échantillon au total) et comparé les résultats. Ces analyses ont présenté des résultats stables.

Toutes les mesures utilisées pour les analyses ont été adaptées à partir d'échelles validées dans le cadre de recherches antérieures et présentent de bonnes qualités psychométriques (fiabilité, validité convergente et discriminante) à l'issue des analyses factorielles exploratoires ainsi que des analyses factorielles confirmatoires effectuées. Spécifiquement, pour l'analyse de regroupement, les axes du développement durable (DD) ont été

mesurés à partir de l'échelle de l'orientation sociale de Quarter et al. (2001) (Alpha = 0,91) et de l'échelle d'orientation environnementale de Banerjee et al. (2003) (Alpha = 0,96). L'orientation commerciale a été mesurée à partir d'une échelle de somme constante (maximum = 100%) établissant le rapport en pourcentage entre la poursuite par l'organisation d'objectifs commerciaux et d'objectifs sociaux. L'OE a été mesurée à l'aide des trois mesures du modèle multidimensionnel de l'OE de Hughes et Morgan (2007; Lumpkin et Dess, 1996). La mesure de l'autonomie adoptée est celle de Lumpkin et Dess (2009) (Alpha : innovation = 0,89; proactivité = 0,77; risque = 0,88; et autonomie = 0,89). Enfin, l'orientation marché (OM) a été mesurée avec l'échelle MARKOR de Kohli, Jaworski et Kumar (1993, Alpha = 0,92). Cette échelle mesure les comportements et les routines de l'organisation de son OM (Zahra et al., 2008).

RESULTATS

Le tableau 1 présente les résultats descriptifs pour les variables ayant servi à classifier les PME. Dans chacun des regroupements, les PME intègrent différemment les dimensions du RSE. Le groupe des PME hybrides sociales est composé d'organisations qui sont essentiellement préoccupées par leurs objectifs sociaux et s'intéressent peu aux objectifs commerciaux. Leurs préoccupations à l'égard des objectifs environnementaux ne diffèrent pas de manière significative des préoccupations environnementales des PME commerciales. Les PME commerciales favorisent en premier lieu leurs objectifs commerciaux et, bien qu'elles se soucient également des objectifs de DD, ces préoccupations ne sont clairement pas aussi importantes pour elles que les activités commerciales. Seules les PME hybrides durables intègrent simultanément les trois objectifs de la DD et favorisent fortement les préoccupations sociales et environnementales tout en poursuivant des objectifs commerciaux.

Tableau 1 : Résultats descriptifs pour les variables utilisées pour classifier les PME

			Proportion d'objectifs commerciaux (max. = 100)	Orientation sociale (max. = 7)	Orientation environnementale (max. = 7)
		n (%)	Moyenne (É-T)	Moyenne (É-T)	Moyenne (É-T)
1	PME sociales	42 (17,21)	18,05 ^{2,3} (13,70)	5,94 ³ (1,36)	3,57 (1,50)
2	PME hybrides durables	111 (45,49)	49,06 ³ (18,11)	6,07 ³ (0,97)	6,26 ^{1,3} (0,78)
3	PME commerciales	91 (37,30)	79,81 (13,60)	3,21 (1,31)	3,73 (1,70)
	Total	244	55,19 (27,04)	4,98 (1,80)	4,85 (1,84)

Les chiffres, en exposant 1 (PME hybrides sociales), 2 (PME hybrides durables) et 3 (PME commerciales), indiquent des écarts statistiquement significatifs entre les moyennes ($p < 0,001$).

L'âge, la taille et le chiffre d'affaires des organisations jouent un rôle déterminant pour expliquer les orientations stratégiques des PME (Covin et Slevin, 1991). Avant d'analyser les variables liées à l'orientation stratégique, nous nous sommes assurés que les regroupements ne varient pas de façon significative en fonction de ces caractéristiques organisationnelles. Comme l'indique le tableau 2, les PME sociales, hybrides et commerciales ne présentent pas de différences significatives d'âge ($F(2,243) = 2,35; p = 0,10$), de nombre

d'employés ($F(2,243) = 0,19; p = 0,83$) ou de chiffre d'affaires ($\chi^2(4) = 7,89; p = 0,10$). Les différences observées dans les orientations stratégiques privilégiées par l'équipe de direction des PME ne se rapportent donc pas à leurs caractéristiques structurelles, mais plutôt à leur identité définie en fonction des axes du DD.

Tableau 2 : Activités des organisations en fonction des groupes

	PME sociales	PME hybrides durables	PME commerciales	Total
Âge Moyenne (É-T)	20,21 (14,39)	14,79 (14,56)	16,75 (13,05)	16,45 (14,06)
Taille (employés) Moyenne (É-T)	22,50 (43,36)	27,61 (60,05)	28,62 (53,0)	27,11 (54,70)
Chiffre d'affaires %				
Inférieur à 250 000	45,00	42,99	27,06	37,50
250 000 à 2 millions	35,00	39,25	42,35	39,66
Plus de 2 millions	20,00	17,76	30,59	22,84

PROFIL DES PME SELON LEUR GROUPE D'APPARTENANCE

Nous avons ensuite établi le profil des orientations stratégiques adoptées par les PME et des ressources dont celles-ci disposent.

ORIENTATIONS STRATEGIQUES ET TYPES DE PME

Les PME diffèrent de façon importante en ce qui a trait aux dimensions de l'orientation entrepreneuriale et de l'orientation vers le marché adoptées. Le tableau 3 montre aussi que les PME du groupe des organisations hybrides durables ont des scores nettement supérieurs au titre des capacités stratégiques dynamiques comparativement à ceux des PME commerciales et sociales. Rappelons que les organisations hybrides durables diffèrent significativement des PME sociales et commerciales mais diffèrent peu quant à leurs orientations stratégiques dynamiques (tableau 3).

Enfin, les organisations d'entrepreneuriat social qui ne font pas partie du groupe d'organisations hybrides durables adoptent des orientations stratégiques similaires à celles des organisations d'entrepreneuriat commercial. Elles adoptent aussi bien les modes organisationnels que les façons de traiter en affaires des organisations commerciales à but lucratif. Les objectifs de ces organisations diffèrent cependant en matière d'objectifs sociaux et commerciaux, accordant en effet la priorité aux objectifs sociaux plutôt qu'aux objectifs commerciaux.

Tableau 3 : Comparaison des orientations stratégiques des PME

	Statistiques descriptives Moyennes (É-T)				Test t pour échantillons indépendants		
	PME sociales	PME hybrides durables	PME commer.	Total	Hybrides vs. sociales	Hybrides vs. commer.	Sociales vs. commer.
OE					ddl = 151	ddl = 200	ddl = 131
Innov.	5,60 (1,33)	6,29 (0,78)	5,49 (1,24)	5,87 (1,13)	3,94***	5,60***	0,49
Proac.	4,49 (1,51)	5,08 (1,22)	4,67 (1,22)	4,83 (1,29)	2,50*	2,35*	-0,76
Risque	4,83 (1,56)	5,29 (1,23)	4,89 (1,26)	5,06 (1,31)	1,92†	2,26*	-0,26
Auton.	5,38 (1,09)	5,93 (0,78)	5,09 (1,29)	5,52 (1,12)	3,47**	5,72***	1,28
OM	5,08 (1,08)	5,64 (0,93)	5,24 (1,08)	5,40 (1,04)	3,18**	2,77**	-0,83

*** $p < 0,001$; ** $p < 0,01$; * $p < 0,05$; † $p < 0,06$. Tous les tests sont bilatéraux.

TYPES DE RESSOURCES EN FONCTION DES REGROUPEMENTS DE PME

Nous avons également étudié comment ces organisations diffèrent en fonction des ressources dont elles disposent. Il s'agit :

- Des ressources en capital social, c'est-à-dire des actifs tangibles et intangibles présents dans les réseaux et les relations;
- Des ressources organisationnelles, c'est-à-dire des compétences, méthodes et capacités organisationnelles telles « la capacité à livrer de nouveaux produits à un marché dans un délai raisonnable » (Covin & Slevin, 1991, p. 15);
- Des ressources humaines, c'est-à-dire des capitaux humains, compétences et connaissances de la direction et des employés (Coleman 1988);
- Des ressources financières, c'est-à-dire des capitaux financiers disponibles pour l'organisation.

Les PME que nous avons étudiées diffèrent peu en ce qui concerne leurs niveaux de ressources financières, humaines et organisationnelles, mais diffèrent davantage en matière de capital social (tableau 4). Les organisations hybrides durables et les organisations d'entrepreneuriat social présentent des niveaux supérieurs de capital social, en particulier les organisations hybrides durables. En effet, les organisations qui poursuivent des objectifs sociaux, dont les organisations d'entrepreneuriat social et les organisations hybrides durables, s'efforcent également de travailler en étroite collaboration avec la communauté (Hervieux et Turcotte, 2010). Tandis que les « entrepreneurs (autant les entrepreneurs commerciaux que sociaux) sont (plutôt) intégrés au sein d'un important contexte social auquel elles réagissent activement » (Chamlee-Wright, 2008, p. 46). Les organisations d'entrepreneuriat social diffèrent des entrepreneurs commerciaux dans la mesure où elles ont « tendance à utiliser les ressources de manière coopérative et souvent à les partager avec d'autres organisations » (Dacin, Dacin et Matear, 2010, p. 49), ce qui favorise à son tour la création de capital social.

Tableau 4 : Ressources et types de PME

						Test t pour échantillons indépendants		
		PME sociales	PME hybrides durables	PME commerciales	Tot.	Hybrides vs. sociales	Hybrides vs. commer.	Sociales vs. commer.
Moyenne (écart type)						ddl =151	ddl =200	ddl = 130
Ressources	Finances	3,31 (1,77)	3,79 (1,73)	4,03 (1,67)	3,80 (1,73)	1,53	-1,00	-2,27
	Capital humain	4,10 (1,80)	4,47 (1,71)	4,07 (1,49)	4,26 (1,65)	1,20	1,77†	0,96
	Capital social	5,22 (1,57)	5,32 (1,44)	4,63 (1,38)	5,04 (1,47)	0,36	3,44**	2,12*
	Organisationnel	4,67 (1,18)	4,89 (1,40)	4,68 (1,37)	4,77 (1,35)	0,93	1,07	-0,60

*** p < 0,001; ** p < 0,01; * p < 0,05; † p < 0,10 (tests bilatéraux)

CONCLUSION

La structure du développement durable (DD) dans les PME durables révèle la présence d'un groupe d'organisations qui équilibrent leur recherche des trois objectifs en s'assurant que leurs objectifs commerciaux ne dominent pas leurs objectifs sociaux et environnementaux. Le niveau des objectifs commerciaux recherché par les organisations hybrides diffère de celui des PME d'entrepreneuriat social et des PME commerciales. Pourtant, les objectifs sociaux des PME d'entrepreneuriat durables ne diffèrent pas des objectifs des PME d'entrepreneuriat social. Ces organisations hybrides durables et sociales présentent des niveaux d'objectifs sociaux supérieurs à ceux des PME commerciales. Seules les organisations hybrides durables présentent aussi des niveaux élevés de préoccupations environnementales.

Les organisations d'entrepreneuriat social ne peuvent pas toutes être considérées comme hybrides étant donné que plusieurs se concentrent sur des objectifs sociaux et s'intéressent peu aux questions commerciales et environnementales. Les organisations hybrides d'entrepreneuriat social sont également des organisations hybrides durables dans la mesure où elles intègrent les trois dimensions du DD. Par ailleurs, nous notons également que les organisations hybrides durables ne sont pas toutes des organisations d'entrepreneuriat social, ou ne sont pas encore reconnues comme telles, puisqu'un grand nombre d'entre elles appartiennent à notre échantillon de PME commerciales.

Les organisations hybrides durables sont dans l'ensemble plus axées sur l'entrepreneuriat que toutes les autres, car elles sont les plus fortement orientées vers l'innovation, la prise de risque, la proactivité et l'autonomie. Elles sont également plus orientées vers le marché que toutes les autres organisations et font face aux tensions créées par l'intégration de nombreux objectifs opposés car elles ont adopté une orientation stratégique dynamique dans laquelle les actions entrepreneuriales sont guidées par la connaissance du marché.

Les organisations hybrides durables sont des organisations pluralistes qui acceptent les tensions inhérentes liées aux objectifs du développement durable. Elles acceptent aussi les tensions liées au triple objectif, ainsi que celles liées à leurs orientations stratégiques. Les organisations hybrides sont le plus fortement orientées vers le marché et s'efforcent ainsi de comprendre son évolution.

Dans la mesure où elles adoptent également une orientation entrepreneuriale solide, les organisations hybrides semblent agir de manière plus proactive que les autres PME et par la même occasion privilégier l'innovation et la prise de risque. Ceci est à son tour rendu possible parce qu'elles accordent aux membres de l'organisation l'autonomie nécessaire à la prise de risque. Par conséquent, même si l'adoption des triples résultats peut être conçue comme une source de tensions pour l'organisation, les réponses mises en place par les organisations hybrides durables pourraient être interprétées comme un effort en vue de travailler avec ces tensions par le biais de liens avec le marché et en conservant une longueur d'avance sur leurs concurrents.

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Are We Drawing the Correct Conclusions? Regression Analysis in the Nonprofit Literature

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ABSTRACT

Linear models are the most commonly used analytical tools in the nonprofit literature. Academics and practitioners utilize these models to test different hypotheses in support of their research efforts, seeking to find significant results that substantiate their theories. And yet the authors of this article have discovered a surprisingly large number of insignificant results in articles from established nonprofit journals. Insignificant hypotheses and Type II errors surely account for a number of these results, but the authors believe the majority of these results are due to a different cause, one that is detectable and preventable: multicollinearity.

RÉSUMÉ

Dans les articles sur les organismes sans but lucratif, les modèles linéaires sont les outils analytiques les plus communément utilisés. En effet, académiques et praticiens utilisent tous les deux ces modèles pour évaluer diverses hypothèses relatives à leurs recherches, espérant trouver des résultats significatifs pouvant confirmer leurs théories. Pourtant, les auteurs de cet article ont découvert un nombre surprenant de résultats non significatifs dans des articles de revues établies sur les organismes sans but lucratif. Des hypothèses non significatives et des erreurs du type II expliquent sûrement certains de ces résultats, mais les auteurs croient que la majorité des résultats ont une cause différente qui est détectable et évitable : la multicollinéarité.

KEYWORDS / MOTS CLÉS : Regression analysis; Multicollinearity; Statistical significance / Analyse de régression; Multicolinéarité; Signification statistique

INTRODUCTION

Research into the nonprofit sector seeks to explain and provide insight into the complex dynamics faced by nonprofit organizations. Given the wide range of research topics in the field, it is not surprising that researchers and academics utilize a varied collection of analytical methods to aid them. The literature contains a wide range of both qualitative and quantitative methods, but of the papers that include quantitative analysis, one method is dominant: the regression model. Unfortunately, it appears that regression is widely misapplied in the literature, leading to insignificant results at an alarmingly high rate. This article reviews the use of regression in the nonprofit literature and explains why many of these insignificant results are likely due to multicollinearity (highly correlated predictor variables), an identifiable and correctable problem. We also review multicollinearity diagnostics and solutions in an attempt to show how these problems can be avoided in the future.

CURRENT STATE OF REGRESSION IN THE LITERATURE

A survey of the articles published during 2013 in two established nonprofit journals, *Nonprofit Management & Leadership* (NML) and *Nonprofit Voluntary Sector Quarterly* (NVSQ), finds that 29/79 (or 37%) of the articles included regression analysis. The purpose of regression in the nonprofit literature is almost exclusively to conduct multiple, simultaneous hypothesis tests. This use of regression, sometimes referred to as the full model approach, is common throughout the social sciences. Researchers using this approach propose a new theory with supporting hypotheses, collect data, fit a regression model testing the hypotheses, and then draw statistical inference from the regression’s *t*-tests. Significant tests provide statistical support for the researcher’s theory.

An example of this full model approach can be found in the work by Taedong Lee, Erica Johnson, and Aseem Prakash (2012), in which the authors studied the relationship between media independence and trust in non-governmental organizations (NGOs) among post-communist countries. They modelled public trust in NGOs as a function of thirteen predictor (or independent) variables: media independence, democracy, gross national income (GNI) per capita, gross domestic product (GDP) growth rate, ethnic freedom, aid, foreign direct investment (FDI) inflows, trade, the internet, European Union (EU) membership, Commonwealth of Independent States (CIS) membership, neighbourhood effect, and international non-governmental organization (INGO) presence. They obtained their data from the United States Agency for International Development (USAID). The response (dependent) variable, public trust in NGOs, is an ordinal measure with a range from 1 (low trust) to 7 (high trust).

The authors, based upon previous literature and logical reasoning, expected the predictor variables to be significant, that is, each predictor alone had a relationship with public trust in NGOs. Several quotes from the article justify their expectations in Table 1.

Table 1: Justification of predictor variables

Predictor	Justification
Democracy	“NGOs need political space to function and democracies provide such political opportunities” (p. 21).
The internet	“... the internet is an especially important source of political, social, and economic information. The internet also allows NGOs to disseminate information on their activities ...” (p. 21).
GNI per capita	“... wealth is critical for NGO sector development ...” (p. 22).
Aid	“The NGO sector in post-communist Eurasian countries is highly dependent on foreign donors” (p. 22).

The authors were surprised to find the vast majority (11/13) of their predictors insignificant. Table 2 shows the output from their main regression model.

Table 2: Regression model output

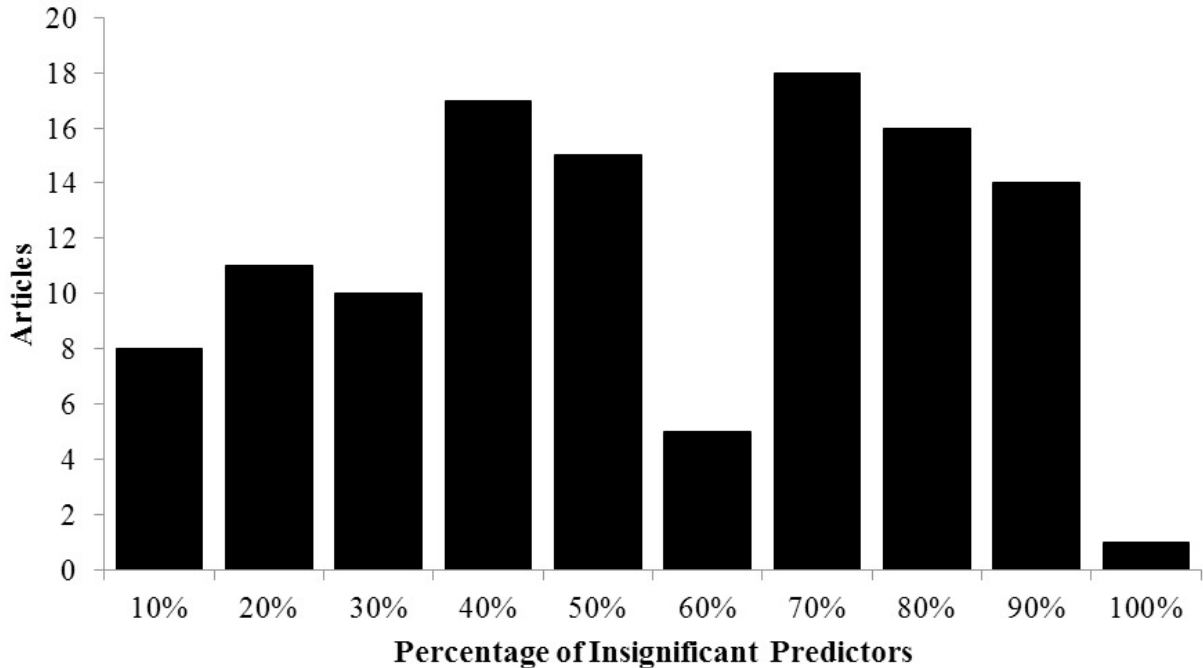
<u>Variable</u>	<u>Coefficient</u>	<u>Standard Error</u>	<u>t-Statistic</u>
Media independence	0.337	0.076	4.32*
Democracy	0.013	0.018	0.72
GNI per capita	-0.181	0.132	-1.37
GDP growth rate	0.002	0.008	0.25
Ethnic fraction	0.473	0.416	1.14
Aid (% GNI)	-0.001	0.004	-0.25
FDI inflows	0.0002	0.009	0.02
Trade	0.002	0.002	1.00
Internet	-0.005	0.006	-0.83
EU membership	-0.078	0.200	-0.39
CIS membership	-0.123	0.181	-0.68
Neighborhood effect	0.092	0.100	0.92
INGO	0.432	0.130	3.32*

Note: Significant predictors ($\alpha = 0.01$) are identified with a *. Only two predictors (media independence and INGO) out of 13 were significant.

Several different explanations could account for the insignificant results. First, the prior literature was incorrect and a majority of the predictors have no relationship with public trust in NGOs. Second, random variation produced non-typical results. Third, and most likely, multicollinearity inflated the standard errors of many of the estimated coefficients in the model, resulting in insignificant p-values. Although we do not possess the data, it would not be surprising to find that democracy and internet availability are highly, positively correlated and that GDP growth rate and aid received are highly, negatively correlated.

Lee, Johnson, and Prakash (2012) are not alone in finding such unexpected results. The 37,2013 articles in NML and NVSQ that utilized regression contained 115 regression models. Only four of the 115, or less than 4 percent, contained no insignificant predictors. Several of the authors of the other 2013 articles expressed surprise at their results. Not only were relationships found to be insignificant when the literature would suggest otherwise, but often the sign of the coefficients were the opposite of what was expected. Now while insignificant results are to be expected, if only due to chance variation, the proportion of insignificant predictors across these articles was very surprising. The average article found nearly one half of its predictors insignificant. Figure 1 shows the distribution of insignificant predictors in the 2013 NVSQ and NML articles.

Figure 1: Distribution of Insignificant Predictors



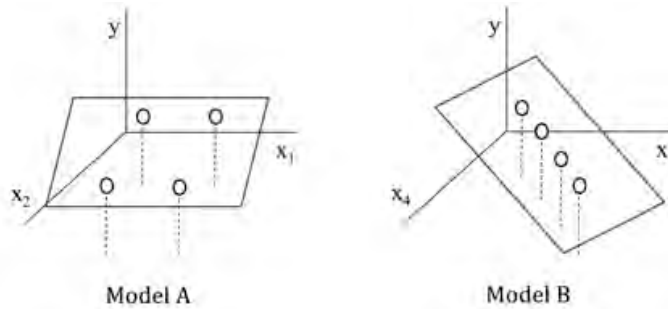
Note: These two journals published 79 articles in 2013, 29 of which included linear models. The average article had 48 percent insignificant independent variables.

Multicollinearity

How then to explain the large percentage of insignificant results in such a large number of theoretically grounded analyses? We suggest that multicollinearity is the underlying cause. Multicollinearity arises when subsets of the independent variables are collinear, i.e., they are linear functions of one another. This creates serious problems in a regression model, as multicollinearity inflates the coefficient standard errors in the fitted regression model. Since the test statistic for significance in a regression model for predictor i is obtained from $t = \frac{b_i}{SE_{b_i}}$, inflated standard errors deflate the t -statistic. Deflated t -statistics produce increased p -values, yielding insignificant predictors, even when the predictor alone is significant.

Consider the two linear regression models in Figure 2. Model A fits the response variable y as a function of x_1 and x_2 . The correlation between x_1 and x_2 is close to zero, as both small and large values of x_1 occur with both small and large values of x_2 . Model B fits the response variable y as a function of x_3 and x_4 . The correlation between x_3 and x_4 is close to one, so that small values of x_3 only occur with small values of x_4 and large values of x_3 only occur with large values of x_4 . The problems with multicollinearity emerge as one considers how the fitted models would change with different samples. Each new sample, with fixed (x_i, x_j) , yields new values of y , resulting in a change in the orientation or tilt of the fitted model. Model A would change little, as the wide dispersion of (x_1, x_2) produces a flat, stable surface (similar to a table). This model will have small coefficient standard errors, which estimate the variability in the slopes of the model. Model B would change a lot, as the narrow dispersion of (x_3, x_4) produces a narrow, unstable surface (similar to a ridgeline). This model will have large coefficient standard errors.

Figure 2: Fitted regression models A and B



Note: Model A describes the response variable y as a linear function of uncorrelated explanatory variables x_1 and x_2 . Model B describes the response variable y as a linear function of positively correlated explanatory variables x_3 and x_4 . Model A produces a fitted model with small coefficient standard errors, while model B produced a fitted model with large coefficient standard errors.

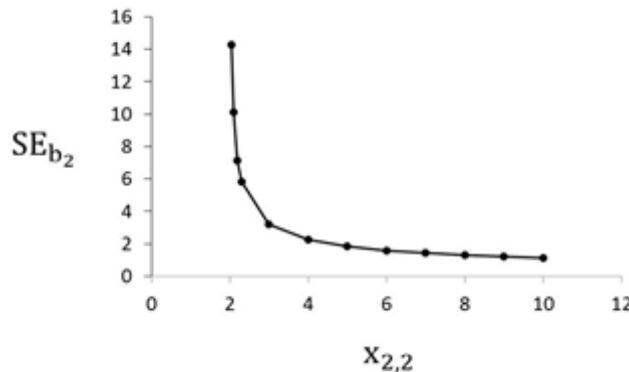
Model A, without inflated standard errors, will correctly identify insignificant predictors. Model B, with inflated standard errors, will identify significant predictors as insignificant due only to multicollinearity. Consider a third linear regression model with three predictor variables: x_1 , x_2 , and x_3 . A sample of size $n = 5$ yields the following observations in Table 3.

Table 3: Sample data

x_1	1	2	3	4	5
x_2	1	10	3	4	5
x_3	2	6	4	2	8

Note that x_1 and x_2 only differ in the second observation. If $x_{2,2} = 2$, then the two predictors would be linearly dependent with a sample correlation coefficient of one. As $x_{2,2}$ decreases from 10 to 2, multicollinearity becomes more of an issue. Figure 3 shows the effect of multicollinearity on the coefficient standard error of x_2 .

Figure 3: Impact of multicollinearity on coefficient standard error



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Note: The graph shows the increase in the coefficient standard error of x_2 as the value of $x_{2,2}$ decreases. As $x_{2,2}$ approaches two, the predictors x_1 and x_2 become more linearly dependent, introducing multicollinearity into the model.

As $x_{2,2}$ approaches 2, the standard error of its coefficient increases, increasing the p -value for x_2 . At some point this inflated standard error will cause the p -value to exceed alpha (predetermined statistical significance), identifying x_2 as insignificant. Donald Farrar and Robert Glauber (1967) noted that, “the increase in sample standard errors for multicollinear regression coefficients virtually assures a tendency for relevant variables to be discarded incorrectly from regression equations” (p. 94). This is exactly what we fear is occurring in the nonprofit literature. Researchers fail to obtain significant findings not because their premises are wrong or the data was somehow flawed but rather because of multicollinearity.

SOLUTIONS

There are many steps that researchers can take to avoid the problems of multicollinearity in their regression models. First, limit the number of hypotheses tested. The danger of multicollinearity increases with the number of predictor variables. The understandable desire to test as many hypotheses as possible must be offset by the knowledge that the danger of insignificant results increases with each additional predictor. Second, include only predictor variables in the model that are uncorrelated. Several multicollinearity diagnostic tools are available to identify problems. The simplest approach to identify multicollinearity is through a correlation matrix. Most statisticians view correlations greater than 0.9 as problematic and would recommend removing one of the predictors from the model. Unfortunately, correlation matrices will not always identify multicollinearity, as it can also exist among sets of predictor variables. The most common approach to identify multicollinearity among subsets of predictors is through the use of variance inflation factors (VIF). These measure the increase in the variability of the regression coefficients due to the presence of multicollinearity in a data set. A VIF is obtained for each predictor variable by regressing that predictor against the other predictor variables. The R^2 from the resulting regression model then measures the proportion of the variability in the predictor that is explained by the other predictors, with R^2 values in excess of 0.80 identifying multicollinearity. Software is typically used to calculate the VIF, where $VIF = \frac{1}{1-R^2}$.

Predictor variables with VIF values in excess of five (R^2 values greater than 0.80) should not be included the final regression model. Third, include only control variables that are not correlated with the explanatory variables. Multicollinearity between control variables is not a problem, as hypotheses are not based on these variables. Fourth, utilize pre-fit variable reduction techniques in inferential models. Combine nonprofit theory, subject matter expertise, and multicollinearity diagnostics (correlation matrices and VIF calculations) to identify appropriate explanatory variables. Fifth, utilize stepwise techniques to remove multicollinearity in predictive models and cross validate the model to remove bias. Parsimonious models tend to yield the best predictions, leading to the use of model selection procedures (e.g., backward elimination, forward selection, or stepwise) to identify a “best” subset of predictors for inclusion in the model. These selection procedures identify the most significant explanatory variables and remove multicollinearity (both necessary for predictions), but also come with well-documented problems: biased parameter estimates (Bradbury, Freckleton, Stephens, & Whittingham, 2006), sample dependent model selection (Bradbury et al., 2006), inflated R^2 (Austin & Tu, 2004, Bradbury et al., 2006), and biased mean square error (Hurvich & Tsai, 1990). Two model validation procedures allow for the measure of the extent of these problems: 1) testing the consistency of the model by refitting the selected model form with the training data and 2) measuring the accuracy of the predictive model by using it to forecast the test data response values. As John Tukey (1980) noted, “Oftentimes, confirmation requires a new unexplored set of data” (p. 821).

CONCLUSION

The nonprofit academic community provides a valuable resource for the greater nonprofit community: research into the complex environment in which nonprofits operate. Unfortunately, much of the quantitative analysis conducted by using regression models yields insignificant results that provide our community little by way of insight. Random chance should lead to a proportion of insignificant predictors slightly above the significance level of the test, yet regression models in the literature find nearly half the predictors insignificant. Moreover, these insignificant results are not due to a poor theoretical understanding of the problems faced by the nonprofit community, nor by faulty data collection methods. Rather, the problem appears to be multicollinearity. Fortunately, methods exist to both identify and remove the sources of multicollinearity in our regression models. Application of these methods will allow us to obtain more significant results, and, as a consequence, allow us to better inform the nonprofit community.

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Allowing Charities to “Do More Good” through Carrying on Unrelated Businesses

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ABSTRACT

One way in which charities could increase their positive impact on society is by raising revenue through carrying on a business. Current income-tax legislation in Canada, however, restricts the ability of charities to do so by prohibiting them from carrying on an unrelated business. This article reviews the current law and explores the options for loosening this restriction, while at the same time addressing the potential problems associated with charity-operated businesses. In the end, the author recommends that all charities except private foundations be permitted to operate small businesses, so long as the business activities are disclosed to donors.

RÉSUMÉ

Les œuvres caritatives pourraient augmenter leur impact positif sur la société en faisant accroître leur revenu au moyen d'une activité commerciale. Au Canada, cependant, la loi actuelle de l'impôt sur le revenu restreint la liberté des œuvres caritatives en les interdisant de gérer un commerce sans lien avec leur activité principale. Cet article passe en revue la loi actuelle et explore les options pour libéraliser la loi, tout en recensant les problèmes potentiels associés aux commerces qui seraient gérés par des œuvres caritatives. Au bout du compte, l'auteur recommande que toute œuvre caritative à l'exception de la fondation privée ait la permission de tenir une petite entreprise, en autant que l'œuvre mette ses donateurs au courant de son activité commerciale.

KEYWORDS / MOTS CLÉS : Social enterprise; Taxation of charities / Entreprise sociale; Imposition d'œuvres caritatives

INTRODUCTION

Canada's tax treatment of entities combining for-profit and nonprofit goals has been criticized as falling behind the social enterprise (SE) movement (Canada's National Advisory Board to the Social Impact Investment Taskforce [CNAB], 2014; Hayhoe & Valentine, 2013). In Canada, the taxation issues surrounding SEs in general have been largely unexamined by academics, and the literature coming out of the United States has been divided on the issue of their appropriate tax treatment (Malani & Posner, 2007; Mayer & Ganahl, 2014). This article endeavours to address the narrower question of whether the restrictions on commercial activities carried out by charities should be changed in order to allow charities to more easily carry on a SE and, if so, then how.

The vast majority of Canadians view charities as making important contributions to quality of life (Lasby & Barr, 2013). As governments have provided fewer services in recent decades, charities have increased their role in providing public goods and services (Burrows, 2009). The federal government has encouraged this through increasing tax incentives, such as the first-time donor tax credit and favourable tax treatment for certain donations of capital (Canada, Department of Finance, 2013, 2015). Although many charities already see themselves as operating a social enterprise (Lasby, 2013), their ability to do so is restricted under the Income Tax Act. Charities could contribute even more to society with additional sources of funding, such as through successful business operations.

Although governments have recently encouraged donations to charities through changes in tax legislation, charities are very heavily regulated and have, in recent years, been subject to intense scrutiny. For example, the previous federal government appeared to have stepped up its audits of charities, particularly where it viewed the charities as carrying out a political agenda (Floyd, 2015). An argument to allow charities greater freedom in their operations conflicts with this suspicious view of charities, and it would therefore seem unlikely that charities will be given carte blanche to enter into the economic mainstream. On the other hand, the recognition that the role charities play is important to society through favourable tax changes indicates a willingness to support charities. This article recognizes the complex situation of governments, as both beneficiaries and regulators of charities, and proposes that current restrictions be loosened, but along with safeguards to protect against the negative implications that are associated with charity-run businesses.

The article proceeds by reviewing the current restrictions on the ability of charities to carry on a business, followed by a policy analysis. Drawing on Canadian and U.S. literature and industry-led reports, the article concludes that there are good reasons to clarify and relax these restrictions, based on the ability of charities to make positive contributions to society. At the same time, the literature has identified some concerns with permitting charities to carry on a business. This article identifies core policy objectives underlying these concerns and recommends measures that can help to address them. It also describes and evaluates a number of policy options for implementing these measures. This analysis leads me to conclude that all charities except private foundations be permitted to operate small businesses that are disclosed to donors.

CURRENT IMPEDIMENTS TO CHARITIES OPERATING A BUSINESS

Registered charities are offered two important income tax benefits under Canada's Income Tax Act (ITA, 1985): an exemption from tax (ITA, 1985, s.149(1)(e)), the ability to issue receipts to entitle donors to a tax credit (in the case of individuals; ITA, 1985, s.118.1) or a deduction (in the case of corporations; ITA, 1985, s.110.1(1)), and the ability to receive transfers or donations from other charities (usually charitable foundations). In exchange for these advantages, charities are subject to a large host of regulatory requirements and restrictions.

Two of these restrictions, the exclusively charitable requirement and the prohibition on unrelated business, directly impede commercial activities and, thus, the ability of charities to carry out a social enterprise.

THE EXCLUSIVELY CHARITABLE REQUIREMENT

There are three types of registered charities under the ITA: charitable organizations, public foundations, and private foundations (ITA, 1985, s.248(1) “registered charity”). A charitable organization must devote all of its resources to charitable activities (including related businesses) that it carries on itself (ITA, 1985, s.149.1(6)), while foundations must be operated exclusively for charitable purposes, which includes disbursing funds to other registered charities (ITA, 1985, s.149.1(1) “charitable foundation,” “charitable organization”). Although there is a difference in wording in the requirements, they have generally been conflated to require all types of charities to be operated exclusively for charitable purposes (Canada Revenue Agency, 2003, para. 3; Vancouver Society of Immigrant and Visible Minority Women v. Canada, 1999, paras. 153–154).

Since the term “charitable” is not defined in the ITA, tax administrators and courts have looked to the common law, almost exclusively relying on the four categories set out in the 1891 British Pemsel case: relief of poverty, advancement of education, advancement of religion, and other purposes beneficial to the community. Further, the organization must also be established for public benefit (Vancouver Society of Immigrant and Visible Minority Women v. Canada, 1999, para. 147). This interpretation of the term “charitable” not only restricts charitable missions in general, but also means that many SEs cannot choose to operate as a registered charity, despite offering societal benefits. For example, organizations with a solely environmental mission will only qualify as registered charities if they fall under the fourth and residual category, which has been closely guarded by tax administrators and courts (Vancouver Society of Immigrant and Visible Minority Women v. Canada, 1999, paras. 175–179). While changing the definition of “charitable” may be worthy of consideration, this issue is beyond the scope of this article.

In addition to the restrictive definition of charity, SEs seeking registered charity status must also be wary of the exclusively charitable requirement, as the enterprise may amount to non-charitable activities or a non-charitable purpose. Paragraph 149.1(6)(a) of the ITA makes it clear that a related business is a charitable activity.

THE PROHIBITION ON UNRELATED BUSINESSES

Under the ITA, the Minister can revoke registration of a charitable organization or a public foundation carrying on a business other than a related business (1985, ss.149.1(2),(3)). A “related business” is not exhaustively defined, but the ITA provides that it includes a business unrelated to the charity’s purposes if all persons employed in carrying on the business are volunteers (1985, s.149.1(1) “related business”). The current interpretation of the unrelated business restriction by the courts and the Canada Revenue Agency (CRA) is discussed later in this article. Private foundations, which are foundations that do not meet the arm’s-length requirements of public foundations, cannot carry on any business whatsoever (ITA, 1985, s.149.1(4)).

The government commentary surrounding the introduction of the unrelated business restriction provides important context. Both the 1976 Budget and the preceding discussion paper on the tax treatment of charities noted that the existing law did not (strictly speaking) permit charities to carry on a business because of the exclusively charitable requirement, but that charities were, in fact, carrying on “worthwhile fund-raising activities” and commercial activities such as art gallery gift stores, hospital cafeterias, and sales of used clothing (Canada, Department of Finance, 1975, paras. 13–15; Macdonald, 1976). The discussion paper noted that the proposal

would permit charities to carry on a business related to charitable activities, but that “[t]he provision would make clear that the test would not be the fact that the income earned by the business is used for charitable purposes, but rather that the business is a usual and necessary concomitant of the charitable activity” (Canada, Department of Finance, 1975, para. 15). This strongly suggests that the unrelated business restriction was not intended to be interpreted by looking only to the use of the profits (i.e., a “destinations test”), but that the purpose was to permit charities to continue their worthy endeavours to further their charitable purposes.

Relatively new rules permit the Minister to implement intermediate sanctions for non-compliance, including a penalty of 5 percent of gross profits for carrying on a business other than a related business and 100 percent penalty for repeat offences (ITA, 1985, ss.188.1(1)-(2)). The penalty bears no relation to tax rates, does not permit deductions, increases in subsequent instances, and may eventually lead to loss of registered charity status. This clearly penal provision, described as “severe” and “excessively punitive” (Hayhoe & Owens, 2006, p. 73), can be contrasted with the unrelated business income tax in the United States, with the stated intention of ensuring that businesses operated by charities bear an appropriate tax burden (Mayer & Ganahl, 2014).

CIRCUMSCRIBING THE RESTRICTIONS THROUGH A SUBSIDIARY CORPORATION

One solution to overcoming the barriers identified above is for the charity to use a subsidiary corporation to operate the business. This has, it seems, been approved by the CRA as meeting the exclusively charitable requirement (CRA, 2003, para. 46). Of course, the separate entity would be subject to tax. However, as corporations can deduct up to 75 percent of income donated to registered charities (ITA, 1985, s.110.1), taxes may be fairly low if profits are paid to the parent charity. Further, the corporation may be entitled to reduced tax rates where the small business deduction is available.

The corporate structure has the added advantage of accessing equity capital from investors. Further, using a separate corporate entity would protect the charity’s other assets (Carter & Man, 2009). However, by using a subsidiary corporation, charities face additional incorporation and administrative costs, which simply may not be feasible for small-scale endeavours and trials (CNAB, 2014). For example, charities are advised that operations should be kept separate, including separate space, and separate boards should govern the entities (Markey, Corriveau, Cody, & Bonfield, 2011). Moreover, while using a subsidiary is an option for charitable organizations, charitable foundations must be cautious of using a subsidiary since they are not permitted to have control over a for-profit entity, though work-arounds are possible to avoid this rule (CNAB, 2014; Travers, Thorimbert, Magdalinski, & Anderson, 2013).

INTERPRETING THE UNRELATED BUSINESS RESTRICTION

This part of the article reviews the interpretation of the unrelated business restriction by the courts and the CRA.

The demise of the destinations test

There is an underwhelming body of case law on the meaning of “related business.” Two pivotal cases are reviewed below to explain the endorsement and subsequent rejection of a “destinations test,” namely *Alberta Institute on Mental Retardation v. Canada* (1987) and *Earth Fund v Canada* (2002).

Alberta Institute on Mental Retardation v. Canada

In *Alberta Institute on Mental Retardation v. Canada*, the appellant, AIMR, was formed in order to raise funds for a variety of charities benefiting people with mental disabilities. AIMR was compensated by Value Village Stores

Ltd. for collecting goods to be sold in Value Village stores. The issue was whether AIMR was a public foundation charity under the ITA. The Minister's view was that it was not because it was not operated exclusively for charitable purposes and it carried on an unrelated business.

With respect to the first issue, Justice Heald, for the majority, decided that AIMR was carrying out its objects, which included the ability to raise funds to carry out the objects of the company.

The second issue considered by the majority was whether AIMR was carrying on a business that was not a related business. The majority adopted the four factors proposed by Drache (1980):

- The degree of relationship of the activity to the charity;
- Profit motive;
- The extent to which the business operation competes with other businessmen; and
- The length of time the operation has been carried on by the charity.

Here, the majority applied the test as follows, finding only the first two factors relevant here:

In my view, the factual situation at bar satisfies the first test ... because the commercial operation at bar is exclusively related to charitable purposes since all monies collected are so allocated. Accordingly, the commercial activity has a very close connection with the charity. Likewise, the second test is met since there is no profit motive in the appellant's operation. All monies received are remitted to the Association... (AIMR, 1987, pp. 298–299)

The majority concluded that the activity here was “of the kind clearly envisaged by the charities amendments as being included in the expression ‘related business of that charity’ ” (AIMR, 1987, p. 299). The majority's decision in the AIMR case was subsequently used to support a destination test, under which the use of the funds for charitable purposes was sufficient to constitute a related business.

Justice Pratte, in dissent, opined that AIMR was carrying on an unrelated business, arguing that there must be a relationship between the charitable objects and the business activities and not just the use of profits for a charitable purpose (AIMR, 1987, p. 289). Otherwise, it would be unnecessary to have the unrelated business restriction, as the only “off side” commercial ventures would infringe on the exclusively charitable requirement anyway (AIMR, 1987, p. 289).

Earth Fund v Canada

In *Earth Fund v Canada*, the appellant raised funds for environmental groups through lotteries. The appellant entered into contracts with other corporations to operate and market the lotteries, as well as to hold the intellectual property associated with the lotteries. The Federal Court of Appeal considered whether a charitable foundation could carry on a lottery business. The Court did not agree with the appellant that the AIMR case was authority for a destination test. Rather, the facts in that case were such that the foundation was “simply soliciting donations of goods which it converted to money” and that although this “was somewhat different from the traditional fundraising activities of a foundation,” the Court opined that “the difference is only a matter of degree” (*Earth Fund*, 2002, para. 30). Here, however, the lottery was a commercial enterprise, with nothing distinguishing it from a commercial enterprise other than its promise to give profits to qualified donees. In the Court's view, “[s]uch a commitment, by itself, does not derogate from the commercial nature of the activity that generates the profit” (*Earth Fund*, 2002, para. 31). Therefore, the lottery was an unrelated business.

Canada Revenue Agency's administrative position

Shortly after the Earth Fund decision, the CRA set out its administrative position in CPS-019 "What Is a Related Business?" (2003). The CRA breaks the issue down into three sub-questions: 1) What is a "business"? 2) What is "carrying on" a business? and 3) What is a "related business"? The CRA's analysis fills in the gaps left by the court decisions by undergoing a fairly comprehensive evaluation of all three questions.

In determining the existence of a business, the CRA cites *Stewart v R* (2002) to identify four factors: "The intended course of action ... the potential to show a profit ... the existence of profits in past years and ... the expertise and experience of the person or organization that undertakes the activity" (CRA, 2003, para. 4). Therefore, in the CRA's opinion, soliciting and selling donations and charging fees in certain situations would not amount to a business (2003, paras. 5–8). The second question, whether the entity is "carrying on" a business, is interpreted by the CRA as requiring "a continuous or regular operation" (2003, para. 9). Holding fundraising events, providing they are infrequent, would not meet this definition, nor would earning income from passive investments (CRA, 2003, paras. 12–14). Further, training "businesses" and social "businesses" for individuals with disabilities are often not considered businesses at all by the CRA (CRA, 2012).

Although it does not explicitly do so, the CRA tacitly affirms the Federal Court of Appeal's rejection of the destinations test. If the application of profits toward charitable purposes is an insufficient link, then how is a "related business" defined? In the CRA's opinion, a related business is both linked to the charity's purpose and subordinate to that purpose. Examples of valid links include "a usual and necessary concomitant of charitable programs" (including hospital parking lots and cafeterias), "an off-shoot of a charitable program" (such as selling church service recordings), "a use of excess capacity" (such as empty classrooms), and "sale of items that promote the charity or its objects" (CRA, 2003, paras. 21–30). In order to meet the subordinate to charitable purpose requirement, the CRA indicates one should look to the relative attention and resources the business demands, the level of integration within the charity's operations, the extent to which charitable goals continue to dominate decision-making, and the continued absence of private benefit (CRA, 2003, paras. 31–43).

The result: Opportunities for charities to operate a business are limited

The legislation limits the businesses carried on by registered charities to related businesses. While there were earlier indications that using profits from a business would be sufficient to consider the business to be related, recent cases have rejected this destinations test, favouring an interpretation that further restricted the ability of charities to carry on a business.

Unfortunately, the case law has not progressed to replace the destinations test with a framework for determining when a business will be considered to be unrelated to the charity. This leaves charities to look to the CRA's interpretation guidelines, which do appear to permit some level of commercial activity. However, the interpretation is lacking clarity in a number of respects, leaving uncertainty (Godel, 2007). First, since there are no principles to inform the application of the CRA's list of "on-side" ventures, it is difficult for charities to determine whether their endeavour qualifies as related. Second, the CRA interpretations are not law and are vague enough so as to not bind the CRA, even in the non-legal sense. Third, given the aforementioned recent scrutiny of charities by the CRA, it is likely that many charities will be overly cautious and not enter into commercial arrangements even where it is quite possible they would properly be considered a related business.

Thus, the legislation, when combined with the rejection of the destinations test by the courts, severely restricts the ability of charities to carry on a business. Assuming the ability of charities to carry on a business should be

expanded, the only reasonable way in which this can be changed is through legislative reform, as is discussed in the latter part of this article.

Relaxing restrictions on carrying on an unrelated business

The law certainly could be clarified through legislative amendments or court decisions addressing the uncertainties outlined above. Most importantly, in order to achieve greater certainty, the law would need to describe the necessary link between the business and the charitable operations in order to be considered a “related” business. However, the focus of this article is not how the existing law should be codified and clarified; it is on the policy question of whether and how the law could be modified to expand the ability of charities to carry on an unrelated business.

The idea that charities should have an expanded ability to carry on a business is supported by public opinion, as survey results show that 79 percent of Canadians believe that charities should be able to engage in any type of business activity (Lasby & Barr, 2013). This viewpoint also has some support in academic writing. Kevin E. Davis (2001) has argued that Canadian charities be permitted to carry on businesses to a greater extent than under existing legislation. South of the border, Dana Brakman Reiser (2011) has persuasively argued that the unrelated business restriction should be removed under United States income tax law. Further (and perhaps not surprisingly), there is support within the charitable sector for reform. For example, reports in 2010 and 2014 with strong industry representation recommended easing the restriction in Canada, with the earlier report recommending the use of the destination test (Canadian Task Force on Social Finance, 2010) and the more recent report recommending allowing charities to operate unrelated businesses (CNAB, 2014). A 2013 Finance Committee report noted that organizations had advocated for further discussions relating to charities carrying on for-profit enterprises and reviving the destinations of profits test (Standing Committee on Finance, 2013).

The analysis in this part first proceeds by outlining the reason for permitting charities to undertake commercial activities in order to justify loosening the restrictions. The article then outlines the main concerns with charities carrying on a business, and then describes four mechanisms that could alleviate these concerns while still permitting charities to carry out unrelated businesses.

The justification for allowing charities to undertake commercial activities

The most frequently accepted justification for the charitable tax exemption is the widely held belief that charities benefit society (Parachin, 2012; Royal Commission on Taxation, 1966). In fact, a recent survey has shown that the majority of Canadians believe that charities do a better job than government in meeting the needs of Canadians (Lasby & Barr, 2013). As governments retreat from providing public services, charities have played an increasingly important role in filling the gap (Burrows, 2009).

One way in which charities can expand the societal benefits they provide is through commercial ventures, which may either directly achieve their mission through the commercial operations themselves or provide more funds to achieve their mission. Other researchers have noted that in times of declining public funding, greater demand for services, and increased competition for donor funding, alternative sources of funding can be valuable to charities (CNAB, 2014; Neilson, Brouard, & Armenakyan, 2003; Tindale & MacLachlan, 2001). Since the government has already decided through granting charitable status that the charity’s mission provides a benefit to society, it could be argued that regulation should not unnecessarily impede the extent to which that mission can be achieved through commercial activities. Stated in another way, finding innovative ways to achieve charitable purposes should be encouraged rather than needlessly hampered (Brakman Reiser, 2011; CNAB,

2014; Davis, 2001). As Davis (2001) states: “[T]he principal object of the law of charities, including the rules governing charities’ commercial activities, should be to facilitate the doing of charity” (p. 497).

The concerns with charities carrying on a business

The literature has identified concerns about charities carrying on commercial activities, including 1) lack of focus on mission due to a shift in profit focus (Brakman Reiser, 2011; CNAB, 2014; Davis, 2001); 2) unfair competitive advantage as compared to taxable entities (CNAB, 2014; Davis, 2001); 3) risk of business failure leading to financial loss (CNAB, 2014; Davis, 2001), and 4) tax base erosion due to the tax-exempt status of charities (Brakman Reiser, 2011). The underpinnings of each of these concerns and the degree of risk associated with them are discussed below, followed by a list of measures that could help to alleviate these concerns.

Losing focus on mission

Though another key restriction on charities, the prohibition on distribution of surplus, has been viewed as the primary safeguard against straying from mission, prohibitions on commercial and political activity have also been viewed as important protective measures (Brakman Reiser, 2011). Entering into the commercial realm, it is argued, may cause decision-makers to lose sight of the charity’s mission and instead focus on profits (Murray, 2008). Resource dependence theory predicts that missions will drift and change, along with funding sources (Fritsch, Rossi, & Hebb, 2014). Altruism and public benefit are at the very core of the definition of charity (Vancouver Society of Immigrant and Visible Minority Women v. Canada, 1999), and the mission-driven definition of charity is tied closely to the altruistic core. Further, opponents argue that allowing charities to carry on businesses might attract self-motivated people disguising themselves as charitable to meet their secret profit-making goals (Brakman Reiser, 2011). Although the distribution prohibition precludes personal profits, the opportunity for personal profits exists through secretive means such as elevated salaries and contract payments (Brakman Reiser, 2011).

At the core of the concerns surrounding mission drift are two government objectives. First, governments are invested in ensuring that charities are “doing good” to warrant their special tax treatment. Second, governments have seen fit to protect donors and ensure that their donations are being used in pursuit of the charity’s mission.

Davis (2001) argues that preventing commercial activities is an overly restrictive reaction to mission drift, as some types of mission drift (e.g., a shift to a new charitable purpose) are generally benign and other regulatory options are more appropriate. Imagine Canada (2013) points out that earned income can actually create opportunities for a greater focus on mission. Also, although focus might be divided between charitable activities and business activities, successful business endeavours can provide funding to help charities better achieve their mission. So, if safeguards are in place to help charities stay committed to their mission, they may actually be more successful in achieving their mission-related goals. Indeed, commercial enterprises will not necessarily lead to erosion of charitable mission (Tindale & MacLachlan, 2001).

Risk of failure

Perhaps a less commonly identified concern is that some commercial ventures will fail (Murray, 2008). The existing restriction on carrying on a business may provide some assurance to donors that their money will not be “wasted” on a failed business. Also, to the extent that a business loses money, resources of the charity are eroded, and the societal benefits produced by the charity will be reduced. Thus, two policy goals are at the root of the concerns about risk of failure: protecting donors and producing societal benefits.

Although survey results have shown that Canadians believe charities should be given freedom to engage in business activity, 70 percent worried about the charity losing money on a bad business venture (Lasby & Barr, 2013). Imagine Canada (2013) points out that 30 to 60 percent of businesses fail. There are conflicting viewpoints on the ability of charities, in particular, to carry out successful business ventures. Tindale and MacLachlan (2001) state that charities may not have the expertise needed to focus on making a profit. On the other hand, Davis (2001) argues that there is a lack of evidence showing that charities are inefficient, and points out that charities may be particularly well positioned to operate successfully in certain cases, such as where economies of scope exist.

Tax base erosion

If businesses are carried on through exempt charities rather than taxable entities, this could lead to tax base erosion (Murray, 2008). Charities currently may carry on a business through a taxable subsidiary corporation. If, instead, charities carry on the businesses directly and do not pay tax, governments will lose out on revenue they would have earned through taxes imposed on the subsidiary corporation. However, this problem may not be as great as it initially seems, as the subsidiary would be able to deduct a charitable donation of up to 75 percent of its profits (ITA, 1985, s.110.1(1)). Still, as the profits that are not donated and any donated profits in excess of 75 percent would be taxed, tax base erosion would be a valid concern if charities were permitted to carry on tax-exempt unrelated businesses.

Two government objectives underlie the concern of tax base erosion: government revenue generation and fairness. Within the tax system, horizontal equity demands that taxpayers in a similar position (i.e., with the same income) pay the same amount of tax; however, deviations from this principle may be justified as tax expenditures where other policy goals are pursued (Hogg, Magee, & Li, 2010). So, while it could be argued that a tax exemption for unrelated business earnings is justified because of the societal contributions of charities, the argument is less strong than in the case of related businesses, where presumably there are additional public benefits achieved directly through the business operations.

Unfair competition

It has been argued that to the extent that charities are permitted to carry on a business and escape taxation on such earnings, charities would have unfair advantages over for-profit organizations offering similar products or services (Binder, 2013; Davis, 2001; Mayer & Ganahl, 2014; Murray, 2008). On the other hand, it has been argued that unfair competition is not as great a concern as it may seem (Rose-Ackerman, 1982). For example, there are disadvantages of operating as a charity, including inefficiencies (Rose-Ackerman, 1982) and an inability to raise equity capital.

Unfair competition concerns are derived from the policy goals of protecting the free market (the heart of our capitalist economy) and fairness, which demands that market players not be given a competitive advantage without good justification.

Addressing the concerns

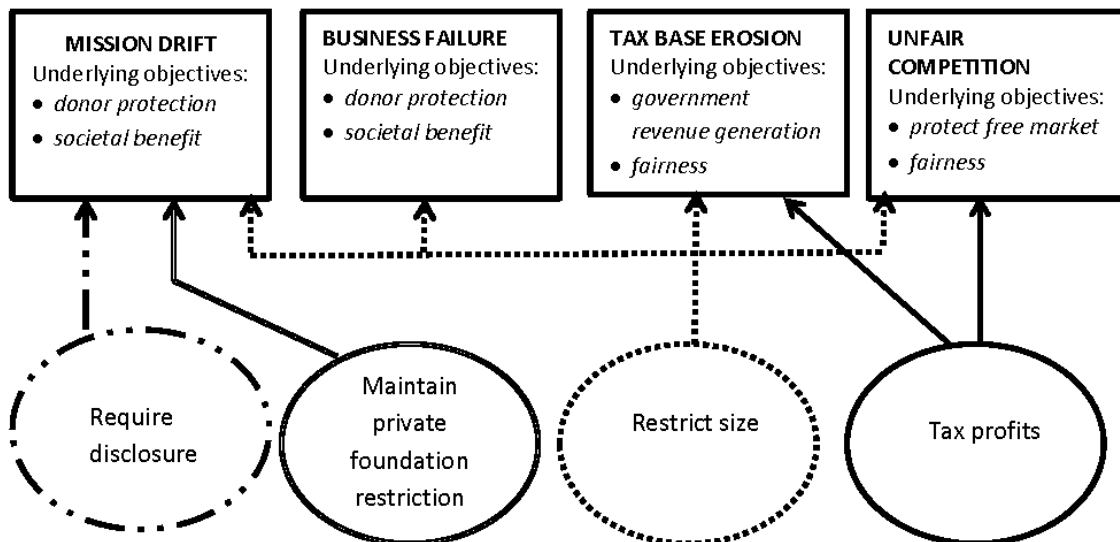
Murray (2008) points out that while Canada and Australia have an “all or nothing” approach, several other countries permit charities to carry on “undesirable” (usually unrelated) businesses, with losing only the tax exemption, but not charitable status (p. 201). Murray (2008) questions whether the line should be drawn by demanding a connection between the business activities and charitable purpose, as the concerns relating to operating a business exist in most cases regardless of this connection. However, it is argued here that the reason for this “line” can be justified not because related businesses are less likely to inflict such concerns, but

that such concerns are counterbalanced against the good that comes directly from operating such businesses. For example, the job training relating to a business employing individuals with disabilities produces additional societal benefit that justifies possible negative effects, such as unfair competition.

Recall that the alternative to carrying on an unrelated business directly is to operate the businesses through a subsidiary, a practice apparently endorsed by the CRA. Investing in a subsidiary that carries out the unrelated business eliminates the competition and tax base erosion concerns identified above. Mission concerns may be alleviated if measures are implemented to give greater assurance of separate management and control of operations the subsidiary (such as a separate board of directors, physical spaces, and management), and such measures may be wise whether or not other changes are made to the unrelated business restriction. The business risks involved where a subsidiary is used will be the same as in the case of other investments and will need to be assessed by the charity accordingly. Ideally the legislation would be changed to specifically allow for charities to carry out an unrelated business through a subsidiary in order to eliminate the need to rely on a CRA administrative position.

While requiring a connection between the business activities and charitable purpose does have some merit in that it helps to reduce the potential negative effects associated with charities carrying on a business, it is possible that the concerns could be addressed in other ways. If charities are permitted to carry on an unrelated business, the concerns could be addressed in four ways: 1) restricting the size of the unrelated business, 2) requiring disclosure of unrelated businesses carried on by charities, 3) maintaining the prohibition on businesses for private foundations, and 4) taxing unrelated business profits. The use of each of these measures is described below, and Figure 1 shows how each of these relates to the four concerns identified in the previous section.

Figure 1: Concerns re charities carrying on a business and potential solutions



Perhaps not surprisingly, working through the details leads to the potential for considerable complexity that always needs to be kept in mind when making policy decisions. In addition to adding complexity, adding these measures has the potential to decrease the benefits of permitting charities to carry on an unrelated business, as compared to an unrestricted ability to carry on such a business. The degree to which complexity and reduced ability to carry out their mission (and therefore bring a benefit to society) is set out in Table 1, although, as will be discussed below, the extent of the cost will often depend on how the measure is implemented.

Table 1: Four policy options and their costs and benefits as compared to unrestricted elimination of unrelated business prohibition

	Disallow unrelated businesses	Require disclosure	Ban private foundations	Restrict size	Tax profits
Benefit(s)	Reduces extent/risk of: mission drift, business failure, tax base erosion, and unfair competition	Prevents mission drift	Prevents mission drift	Reduces extent/risk of: mission drift, business failure, tax base erosion, and unfair competition	Eliminates unfair competition and tax base erosion
Cost(s)	Adds complexity (moderate); reduces social benefit	Adds complexity (low to moderate); reduces societal benefit (low)	Adds complexity (low); reduces societal benefit (low)	Adds complexity (moderate to high); reduces societal benefit (moderate)	Adds complexity (moderate to high); reduces societal benefit (moderate)
Policy options					
Status quo	✓		✓		
Option 1		✓	✓		
Option 2		✓	✓		✓
Option 3		✓	✓	✓	
Option 4		✓	✓	✓	✓

Require disclosure

A 2014 National Advisory Board report recommended that charities operating businesses report on their business activities and that the CRA make such reports public on its website, in order to support transparency and accountability (CNAB, 2014). This could help to ensure charities stay committed to their mission and inform donors about business risks, and also could assist the CRA with compliance efforts. To meet these goals, the reporting should convey both financial information as well as a detailed description of the business activities. A balance would need to be struck between providing sufficient information and imposing excessive compliance costs on the charities.

The prescription for greater reporting is consistent with the views of Canadians that it is important that charities provide information, and should do a better job at providing it (Lasby & Barr, 2013). A discussion paper by a group of academics, government representatives, practitioners, and professionals discussing improvements to the T3010 form to assist with research reported that the majority believed that more reporting was needed on social enterprises operated by charities (Brouard, 2014). In other words, providing additional information about

businesses could help to inform donors if the restrictions are loosened, but also would serve the interests of donors and researchers regardless of whether the law is changed to expand the ability of charities to carry on businesses. Additionally, the complexity costs of implementing this measure are relatively low and it is likely to have little impact on the ability of charities to carry out their mission.

Maintain the private foundation business prohibition

Dana Brakman Reiser (2011) has argued that restrictions on commercial and political activities “go far beyond discouraging self-regarding behavior and chill charities’ pursuit of legitimate mission-related programs” (p. 3). She persuasively argues that the focus should instead be on ensuring that other-regarding (as opposed to self-regarding) behaviour is present, and that one way in which this can be achieved is through group control over charities (Brakman Reiser, 2011). In the Canadian context, this suggests that private foundations should not be granted the same freedom to carry on a business. Due to the increased risks associated with closely managed charities, it is not recommended here that private foundations be permitted to carry on a business. In fact, it could even be argued that the CRA’s existing interpretation of carrying on an unrelated business may go too far to allow private foundation charities to be involved in commercial activities, and perhaps further restrictions could be considered.

Restrict size

Restricting the size of the unrelated business could help to address all four of the identified concerns relating to charities carrying on an unrelated business. Charities are more likely to be swept up in profit-making goals (therefore diverting focus on mission) in the case of ventures that are large by comparison to the overall size of the charity. Also, the risk of loss becomes greater for ventures that are large relative to the size of the charity since relatively small losses could likely be more easily absorbed or otherwise protected against. Further, tax base erosion would be of lesser concern if profits were capped, and small businesses would be less likely to pose a significant competitive threat to other businesses.

Since charities can currently carry out unrelated businesses through a subsidiary, it is most important to consider removing barriers to carrying out smaller businesses where incorporation costs are prohibitive. Therefore, it would seem to make sense to cap the size of profits of unrelated businesses at an amount where the profits make it economically feasible to incorporate a subsidiary. In order to cut down on the risk of unreasonable allocation of the charity’s running expenses to the business, there could also be a higher gross income cap as a backstop. If it were anticipated that the small business would soon become too profitable to fit within the size cap, assets should be transferable to a subsidiary on a tax-deferred basis under s.85(1).

Although allowing for small unrelated businesses would add complexity as compared to an unrestricted ability to carry on an unrelated business, the charity could decide whether the endeavour would be promising enough to outweigh the associated costs of complying with the size cap. There would be additional audit and implementation costs to the government that would need to be considered. While restricting size would dampen the positive aspects of permitting charities to carry on an unrelated business, it is feasible for larger unrelated businesses to be operated through a subsidiary corporation.

Tax profits

Interestingly, most Canadians do not think that charities should have to pay tax on their business profits so long as the money is used to support their cause (Lasby & Barr, 2013). A tax policy assessment, however, does not have the same result. The Carter Commission’s seminal report on tax policy recommended that business income earned by charities should be taxed (Royal Commission on Taxation, 1966). Brakman Reiser (2011)

and the 2014 National Advisory Board report also recommend that some or all of the business profits earned by a charity should be taxed. There is a strong horizontal equity argument for taxing profits, since for-profit businesses are taxed. A case can be made for exempting businesses whose activities substantially contribute to charitable goals, since the potential to produce societal benefits goes further to outweigh competition and equity concerns as compared to situations where the businesses have a lesser connection to mission. It is therefore proposed here that only the former category of businesses (i.e., related businesses) be exempt from tax. That is, tax should be imposed on businesses that are connected only by making financial contributions to further charitable mission.

Another important question is the relevant rate to be applied to business earnings. Personal rates could be seen as appropriate, as corporate rates represent only one aspect of the full tax on corporate business earnings (the other being the taxation rate applied to the shareholder, after dividend gross ups and dividend tax credits). However, so long as the alternative of using a subsidiary continues to be available, corporate rates may be most logical. The reduced rate for Canadian-controlled private corporations (CCPCs) would likely be available to most subsidiaries, and the CCPC rate should therefore be made available to taxable businesses operated by charities (CNAB, 2014) so long as CCPC-equivalent criteria are met.

Horizontal equity demands that taxable businesses operating within a charity be permitted to take regular business deductions. A more difficult issue is whether a deduction should be permitted to the extent that the profits are dedicated to the charity's mission, up to the maximum of 75 percent of income, as is permitted for corporations. This would put businesses operated directly by charities in the same position as subsidiaries operated by charities and other corporations that chose to make donations to charities, and thus has intuitive appeal. To avoid charities simply substituting other funds to further invest in the business, the rule would need to look to the size of reinvestment in the business relative to the size of business profits, regardless of the source of the investment. That is, if the charity injected capital exceeding 25 percent of the business's profits, the full 75 percent deduction would no longer be available. This would ensure that, like businesses operated through separate corporate entities, the deduction is available where the business forgoes reinvesting in business growth in order to further the mission of the charity.

There would certainly be revenue gains to the government if taxes were imposed on unrelated businesses, although if deductions are permitted (up to a maximum of 75 percent of profits) for funds dedicated to the charity's mission, the revenue gains may not be large. There would also be a significant complexity cost to both charities and governments if taxes were imposed. Additionally, if business profits were taxed, the reduction in profits due to taxes payable and administrative costs would reduce the "good" produced by the business through its contribution to charitable activities.

Evaluating the policy options

The four options set out in Table 1 would allow charities the ability to carry out an unrelated business, putting different measures in place to address the previously identified concerns. To assist with evaluating the different options, the benefits and costs of each measure (as compared to unreservedly removing the unrelated business impediment) are also set out in Table 1.

Disclosure and private foundations

All of the options would require disclosure of the business to donors and would continue to ban private foundations from carrying on an unrelated business. Both of these measures carry relatively low complexity

costs and would have a minimal impact on charities being able to produce benefits to society, and their implementation could help to offset some of the concerns about mission drift.

Option 1

The first option would allow unrelated businesses of unrestricted size without taxing profits, but this would seem unwise from both a policy and political perspective. The concerns about unfair competition and, in particular, tax base erosion cannot be ignored, and therefore must be addressed at least through restricting unrelated business size, taxing unrelated business profits, or both. Although it could be argued that these concerns are not as significant as they might at first appear, they are still valid concerns and may resonate with the public. Therefore, demonstrating that these concerns have been ameliorated, as is done in the other options, may be a political necessity.

Options 2, 3, and 4

Options 2, 3, and 4 would allow charities other than private foundations to carry on a disclosed unrelated business; however, this would either restrict business size or tax business profits, or both. Taxing profits would do the most to eliminate unfair competition and to prevent erosion of the tax base, but restricting size has the added benefit of reducing the risks associated with mission drift and business failure. As option 1 has already been ruled out, the appropriate comparison is between the status quo and options 2, 3, and 4.

As already discussed, the status quo restricts the societal benefit that can be created by charities as compared to a situation where charities could carry on unrelated businesses and apply the business profits to achieve their charitable mission. Although charities can work around this problem by carrying on the business through a subsidiary, this can add costs and complexity that would make small businesses unfeasible. Another area of complexity that exists in the current system involves distinguishing between related and unrelated businesses. However, this complexity would remain in options 2, 3, and 4, as they all require identifying an unrelated business in order to restrict its size or tax its profits.

It would seem, then, that the most objectionable aspect of the status quo is that it prevents charities from pursuing small business endeavours (which could, in time, prove to be quite profitable). As explained in the previous section, it makes sense, then, to cap the size of unrelated businesses at an amount where the profits of the business make it feasible to operate through a subsidiary. In this context of a fairly low size cap, not taxing profits becomes an attractive policy option because it avoids the complexity associated with imposing taxes while minimizing tax base erosion. Therefore, legislative changes in line with option 3 are recommended here.

CONCLUSION

The growth in the popularity of social enterprises has given rise to an interest in facilitating the combination of commercial and charitable goals. At the same time, the ability of charities to engage in commercial activities has been severely hampered by income tax rules, including the unrelated business restriction. It is argued here that if charities “do good,” a premise upon which both the tax system and this article rests, then they should be permitted to “do more good” through carrying on commercial activities. Operating businesses allows charities to access funds to carry on their mission without promising investors a profit and thus engaging in private benefit. So long as commitment to their charitable purposes is maintained, charities should be encouraged to innovate to expand their ability to produce societal benefits. However, it is acknowledged that there are risks involved with allowing charities to enter further into the commercial sphere, which brings into question the appropriate balance between the potential for increased societal benefits versus the potential for harm created by losing

focus on mission, putting for-profit companies at a competitive disadvantage, exposing charitable assets to risk, and eroding the tax base.

Currently, the CRA appears to endorse charities carrying on unrelated businesses through a taxable subsidiary. This solution has appeal, as it requires a separation of the business from the charity and addresses concerns about tax base erosion or competitive advantage. It would be preferable if the use of subsidiaries to carry on an unrelated business were specifically allowed under the ITA, to eliminate any uncertainty as to the appropriateness of their use. However, even if this were done, there would be costs to using a subsidiary that might make it difficult for charities to carry out smaller unrelated businesses, and therefore the unrelated business restriction still would pose a barrier to charities engaging in innovation.

It has been argued in this article that charities should be allowed to carry out an unrelated business, but with some important restrictions. Charities should be required to report businesses to donors, the unrelated business restriction should be maintained for private foundations, and the size of unrelated businesses should be restricted such that only those with fairly low profits would be permitted. Taxing profits on unrelated businesses could be considered as a further restriction, but in light of the complexity this taxation creates it is likely not justified if profits are capped at a low amount. As with most tax policy decisions, the decision about expanding the ability of charities to carry on commercial activities involves a careful weighing of benefits and risks, and the set out here was crafted with due consideration of the competing government policy goals.

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Co-constructing Performance Indicators in Home and Community Care: Assessing the Role of Nongovernmental Organizations in Three Canadian Provinces

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ABSTRACT

This article examines the extent to which public servants interact with non-governmental organizations (NGOs) to co-construct performance indicators in the home- and community-care sector. It uses 32 intensive qualitative interviews with NGO representatives and public servants in three Canadian provinces (British Columbia, Saskatchewan, and Ontario) with distinctive home- and community-care systems to uncover the experiences of NGO/government interactions around this issue and seeks to gain a greater understanding of the role of NGOs in shaping performance indicators. Varying funding and delivery models of home and community care across provinces put NGOs in different roles in the delivery of home and community supports, and hence, set different contexts for NGO/public servant interactions across the three provinces.

RÉSUMÉ

Cet article examine dans quelle mesure les fonctionnaires publics interagissent avec les organisations non gouvernementales (ONG) pour établir des indicateurs de performance dans les secteurs des soins à domicile et de proximité. Il se base sur 32 entretiens en profondeur avec des représentants d'ONG et des fonctionnaires publics dans trois provinces canadiennes (Colombie-Britannique, Saskatchewan et Ontario) ayant des systèmes distincts de soins à domicile et de proximité, et ce afin d'en apprendre davantage sur la réalité des interactions entre les ONG et le gouvernement. L'article cherche en outre à mieux comprendre le rôle des ONG dans la formulation des indicateurs de performance. Les divers modèles dans chaque province pour financer et offrir des soins à domicile et de proximité ont un impact sur la manière dont les ONG peuvent fournir leur aide à domicile et dans la communauté, et créent ainsi des contextes différents dans chacune des trois provinces pour les interactions entre les ONG et les fonctionnaires publics.

KEYWORDS / MOTS CLÉS: Community care; Nonprofit healthcare providers; Home care; Performance indicators; Policy engagement; Policy co-creation / Soins de proximité; Prestataires de soins à but non lucratif; Soins à domicile; Indicateurs de performance; Engagement politique; Co-création de politiques

INTRODUCTION

Canada is not alone in its interests in performance measures. Many countries, including the UK, Australia, and the USA, and international organizations, such as the World Health Organization (WHO) and the Organisation for Economic Co-operation and Development (OECD), have developed performance tools with the goals to enhance effectiveness, equity, efficiency, and quality as well as to meet the public's demand for increased transparency and accountability from their public institutions (Aboriginal Health & Medical Research Council of New South Wales, 2013; Arah, Klazinga, Delnoij, Ten Asbroek, & Custers, 2003; McLoughlin, Leatherman, Fletcher, & Owen, 2001; McPake & Mills, 2000; Pal, 2000). As Paul Thomas (2006) aptly expressed, performance measurements achieved popularity in large part to address serious “democratic deficits,” (p. 6)—a decline in legitimacy and public confidence in political institutions along with other financial, social, and performance deficits.

This article examines the extent to which public servants interact with non-governmental organizations (NGOs) to co-construct performance indicators in the home and community care sector. Based on 32 extensive qualitative interviews with NGO representatives and public servants in three Canadian provinces (British Columbia, Saskatchewan, and Ontario) with distinctive home and community care systems, the study uncovers the experiences of NGO-government interactions. Specifically, it seeks to understand the role of NGOs in determining performance indicators by asking why performance indicators matter, what hand NGOs have in shaping them, under what contexts, and to what effect? Determining the appropriate indicators for the home and community care sector can play an important role in influencing the future direction of provincial healthcare systems, especially as the Canadian population ages. Varying funding and delivery models of home and community care across provinces put NGOs in different roles in the delivery of home and community supports, setting different contexts for NGO-public servant interactions across the three provinces. This article takes these different contexts into account in assessing how, and to what extent, NGOs influence the nature of performance indicators.

The literature offers a number of common definitions of performance indicators. According to Jan Mainz (2003) indicators are:

measures that assess a particular health care process or outcome; quantitative measures that can be used to monitor and evaluate the quality of important governance, management, clinical, and support functions that affect patient outcomes, and measurement tools, screens or flags that are used as guides to monitor, evaluate, and improve the quality of patient care, clinical support services, and organisational function that affect patient outcomes. (p. 524)

Les Pal (2014) offers a more succinct definition: performance indicators refer generally to “some measure of how well a service or activity is doing, either through financial or output measures or client satisfaction” (p. 174).

Researchers have long posed questions around the validity, reliability, impact, and scope of performance indicators in health. For example, there are ongoing debates regarding what can be measured, depending on how narrowly or broadly we define healthcare and our responsibility for it: how performance is conceptualized and measured (Arah et al., 2003); whether the emphasis is on “process” or “outcomes” (Mant, 2001; Steele Gray, Berta, Deber, & Lum, 2014a, 2014b); whether “quality” takes on a multidimensional nature, hence, requiring multiple measurement dimensions (Aboriginal Health & Medical Research Council of New South Wales, 2013); whether client preferences are part of the cost equation (Donabedian, 1988); how performance data are used;

which stakeholder viewpoints should hold sway since different stakeholder have different views as to what processes or outcomes should be measured and how (Arah et al., 2003), while guarding against Karen Van Peurse, M.J. Pratt, and Stewart Lawrence's (1995) warning that "performance indicators are deceptive because they falsely convey an impression of objective truth" (p. 34) and in so doing, make certain aspects of performance visible while marginalizing other activities. Determining suitable performance indicators specifically for the home and community care sector is thus not just a technical matter, but foremost a political issue.

The subject of performance indicators is timely and topical particularly against the backdrop of an increased demand for evidence-based policymaking, lean practices and accountability, transparency, and better value for money within the context of public sector austerity. Along with a focus on quality improvement within healthcare systems and the need to assess the impact on the healthcare on the general population, are neoliberal principles of competition, laissez-faire, efficiency, productivity, profitability, and individual autonomy (Larner, 2000). The dominance of neoliberal paradigms in public policymaking has had profound implications for NGOs as neoliberalism positions non-profits as the prime agent for alternative service delivery (Shields, 2002). The interest of both government and nonprofit providers in social policy "fostered the development of an interdependent partnership" (Elson, 2007, p. 46). As a result, a relationship based on mutuality emerged as government needed services to be delivered and the funding of nonprofit agencies to do so provided decision-makers with a window on community needs and trends. Nonprofits, for their part, derived a source of financing and were theoretically in a position to influence policy (Brock, 2000). Nonprofit agencies, such as the Red Cross Home Care Services, the Victorian Order of Nurses, Saint Elizabeth's Visiting Nurses, and VHA Home HealthCare, to name but some of the larger entities, have deep historical roots in providing various community-based services. Being structured, however, by a neoliberal governance framework created a system of dynamic market competition between delivery agencies characterized by "time-limited contracts, legal control and accountability" (Eikas & Selle, 2002, p. 48).

As Bryan Evans, Ted Richmond, and John Shields have discussed elsewhere, neoliberal ideas and New Public Management (NPM) as its public administration counterpart have transformed how nonprofit agencies in general produce and deliver their core services (Evans & Shields, 2002; Evans & Shields, 2010; Evans, Richmond, & Shields, 2005; Richmond & Shields, 2004). NPM is particularly focused upon measuring performance (directed toward quantitative measures) with the promotion of discipline and parsimony in the allocation of resources (McLaughlin, Osborne, & Ferlie, 2002). "Doing more with less" has become the standard mantra for the operation of nonprofit service providers (Baines, Campy, Cunningham, & Shields, 2014).

The concept of performance indicators is especially controversial and contentious for NGOs in the home and community care sector. Increasing numbers of people including children with multiple chronic or complex care needs, rising health-service use across all age groups, more expensive medical technology, and demographic shifts toward an aging population, have prompted growing concerns about escalating healthcare costs and the sustainability of a publicly funded system in all Canadian provinces. As much as Canadians boast about healthcare as a "sacred trust," ensuring the highest quality of safe care within fixed budgets and the "value" of interventions for the money spent dominate debates about health spending. NGOs in the home and community care sector support clients to stay at home with such non-medical services as personal care (bathing, dressing, and feeding), homemaking, meal preparation, medication reminders, friendly visiting, transportation, security checks, recreation/social programs, and respite services, as well as day programs (Hollander & Chappell, 2002; Teplitsky, Williams, Deber, Lum, & Salib, 2006). The challenge for NGOs responsible for such mundane, everyday activities is to demonstrate the value of such supports to the healthcare system through performance indicators (Steele Gray et al., 2014a, 2014b).

WHY PERFORMANCE INDICATORS IN HOME AND COMMUNITY CARE?

Government spending in healthcare accounts for the largest share of provincial budgets. Performance indicators are consequently increasingly important to demonstrate “worthiness” for funding. If evidence and research guide political decisions about what to fund and what not to fund, how indicators and measurements get decided, and what performance gets measured are critical factors affecting the shape and direction of the healthcare sector. In 2010, the Canadian Institute for Health Information (CIHI) launched a national quality-improvement initiative called the Canadian Hospital Reporting Project (CHRP), the main purpose of which was to establish health performance indicators beginning in the acute care sector, so as to provide comparative facility-level information across hospitals to identify areas for better and more cost-effective care. After extensive research and consultation the project established 21 clinical performance indicators to measure effectiveness (quality and outcomes), patient safety, appropriateness, and accessibility; and six financial indicators to gauge efficiency and productivity (CIHI, 2011).

The acute care sector, which receives the largest proportion of provincial healthcare budgets, has determined that evidence-based, clinical metrics and benchmarks make sense. Measures of quality are closely aligned with accounting for how public funds are spent in that the impact of care is measured by quantifiable indicators such as wait times, numbers of beds, number of surgeries, number of doctors/nurses per population. However, what performance indicators make sense for home and community care? More importantly, who has input in deciding these indicators? This project examines the extent to which public servants interact with NGOs to “co-construct” (Evans & Sapeha, 2015) indicators that are applicable to home and community care, and the extent to which NGOs judge they have an impact in shaping these policy indicators.

METHODS

This study is part of a larger Social Sciences and Humanities Research Council (SSHRC) funded project, Policy Work in the Provinces: The “Production” of Policy Analysis and Advice in Canada’s Provincial Public Services. Against the backdrop of the new governance literature that suggests “policies can no longer be struck in isolation in government” (Lindquist, 2009, p. 9; Osborne, 2010), this project examines how rank and file policy workers situated in three provincial governments (Ontario, British Columbia, and Saskatchewan) engage with their relevant non-governmental organization (NGO) counterparts in the policymaking process (Evans & Wellstead, 2013). While there is considerable research on the role and influence of public servants in shaping policy, there is considerably less written on the policy role and influence of NGOs as non-state actors. We focused on the policy interaction between public servants as state actors and the broad non-governmental organization (NGO) sector in shaping the policy process for determining performance indicators in a specific health sector: home and community care.

We defined NGOs broadly. NGOs in home and community care may include nonprofit community service agencies that deliver a range of non-medical home and community care supportive services to vulnerable populations, primarily older people who need assistance with the activities of daily living to live as independently as possible in the community. Other needs groups include persons with disabilities and growing numbers of medically fragile children and their families. The range of services provided varies among organizations. NGOs may also include non-provider organizations, such as unions, umbrella associations representing provider agencies, as well as voluntary citizens’ groups. These NGOs may monitor policies in home and community care, raising their members’ concerns to government and have advocacy and education as their main mandates.

For the NGO sector, we used web searches as well as a snowball sampling technique to identify different types of NGOs (e.g., provider NGOs such as community service agencies, non-provider advocacy organizations, unions, and associations) in diverse geographical locations, serving predominantly urban or rural areas. In our sampling technique, we also took into consideration the breadth of services provided (seniors only/across age categories; single or multiservice agencies) across the three provinces.

Public servants in sectors responsible for service planning, funding, and overall policy around home and community care were identified through web searches, as well as a snowball sampling technique through NGOs, academic, and professional contacts.

We used qualitative semi-structured phone interviews of approximately 90 minutes in length. The interviews were conducted between February 2012 and July 2013 using separate interview schedules with open-ended questions for NGO and government officials. The interviews were recorded, transcribed, and thematically coded using QSR NVivo 10. A total of 32 interviews were conducted: 16 with NGO representatives and 16 with public servants. All 32 interviews were used in this study. Table 1 presents the provincial breakdowns.

Table 1: Number of Interviews

Province	NGOs	Public Servants
Ontario	7	4
British Columbia	6	5
Saskatchewan	3	7
Total (32)	16	16

As a qualitative study with a limited sample size, we do not claim to present representative findings, but rather to identify relevant themes drawn from the experiences of NGOs and government officials that can help inform our understanding of the way quality indicators are co-constructed in home and community care, and in particular the role of NGO actors in this process.

SAMPLE CHARACTERISTICS

In Ontario, NGO respondents are relatively large (as measured by budgets over \$5 million), multiservice agencies that provide a fairly comprehensive basket of front-line services to seniors, and rely primarily on government funds to sustain their operations. Ontario provider NGOs are also assisted by the Ontario Community Support Association, a large province-wide association that represents the common goals of members and advocates on their behalf to government.

The NGOs interviewed in BC are generally small (budgets under \$2 million) to medium-sized (budgets from \$2 million to \$5 million) organizations targeting supports for multi-generations, and not dedicated solely to seniors. These NGOs draw funding from multiple sources including regional health authorities, different provincial ministries, local municipalities, charitable foundations, BC Community Gaming Grants, and donations. In comparison to Ontario, the supports to older people cover a much narrower range of services and may include social programs, volunteer shopping, transportation, meals-on-wheels, and friendly visiting. There is an association in BC (BC Care Providers Association) representing social services providers; however, in contrast to Ontario, respondents in BC either were not aware of the association, or did not consider it to be an effective voice in influencing policy.

In Saskatchewan, with a few exceptions, home and community care providers are mostly government employees. NGOs interviewed in the study are mainly non-providers and tend to be small organizations (budgets under \$2 million) focusing on broad policy issues, such as advocating for a province-wide senior’s strategy, pension issues, or supporting local health clinics and social programs. NGOs rely on multiple sources of funding, such as municipalities, regional health authorities, and donations. Some NGOs receive small amounts of funding from regional health authorities for community outreach, health promotion, and, in exceptional cases, to provide direct care services. There is no province-wide NGO representing community care; however, unions representing providers draw support from their national organization. Table 2 presents the characteristics of the NGO sample for all three provinces.

Table 2: NGO characteristics

Province	Type	Urban/Rural (providers only)	Service (providers only)	Focus	Budget* (providers only)
Ontario (7)	2 Associations	4 Urban	4 Seniors		5 Large
	5 Providers	1 Rural	1 Mixed		
British Columbia (6)	6 Providers	4 Urban	2 Seniors		1 Large
		2 Rural	4 Mixed		4 Medium 1 Small
Saskatchewan (3)	1 Advocacy	1 Urban	1 Seniors		1 Small
	1 Labour				
	1 Provider				
Total (16)	1 Advocacy	9 Urban	7 Seniors		6 Large
	2 Associations	3 Rural	5 Mixed		4 Medium
	1 Labour				2 Small
	12 Providers				

*Large = annual budget greater than \$5 million; Medium = Annual budget between \$2–5 million; Small = annual budget smaller than \$2 million

The respondents within government were policy analysts, planner, managers, and directors in the Ontario Ministry of Health and Long-Term Care, the BC Regional Health Authorities, and the Saskatchewan Health Authorities.

HOME AND COMMUNITY CARE MODELS IN THREE PROVINCES

Key to understanding the nexus between non-elected policy actors within government and NGO actors is to examine the models under which home and community care is funded and delivered within each of the provinces. Under the Canada Health Act (1984), only “medically necessary” hospital and doctor services are publicly funded. Home and community care services are not public entitlements under the Act. As a result, the availability, eligibility, access, costs, delivery, and range of home and community care services vary widely both within and across provinces.

Saskatchewan has a public provider model for home and community care. The Saskatchewan Ministry of Health provides global funding to the province’s 12 regional health authorities (RHAs), which in turn, are responsible for funding and providing home and community care. Each RHA manages and employs providers to deliver professional services, such as nursing care and home support services including personal care, housekeeping,

Lum, Evans, & Shields (2016)

meal preparation, shopping, and respite care directly to clients. The regional health authorities do not generally contract out services to private non-profit or private for-profit agencies to deliver home and community care, although private providers exist and people may choose to buy private care if they wish (Canadian Health Care Association, 2009). In exceptional cases, the RHA will fund an NGO to deliver support services where there is an identified gap in community support services not provided by government, but on the whole, there are few provider NGOs in this province. Other NGOs that advocate for home and community care do so under the rubric of a variety of issues relating to the quality of life of seniors.

In contrast, British Columbia uses a mixed model. The Ministry of Health devolved responsibility for managing, monitoring, and funding the delivery of home support services to five regional health authorities. These regional health authorities sometimes directly provide home support services, and, at other times, contract out non-professional support services to private for-profit or not-for-profit agencies to provide a range of home support services, which include assistance with getting up and around, getting dressed, using the bathroom, preparing meals, and taking medication. In the mid-1990s, BC tightened its eligibility criteria so that clients requiring minimal levels of support now receive few or no publicly funded services. Except for individuals with the highest level of assessed needs, supportive services, such as housekeeping, grocery shopping, and transportation, are generally not available through the provincial home support program (BC Office of the Ombudsperson, 2012). Individuals who are not assessed at the highest level of care needs are thus left to buy supports from private providers.

In 2012, the BC Ministry of Health initiated a \$15 million, three-year Better at Home province-wide program as part of Improving Care for B.C. Seniors: An Action Plan. The funds, managed by the United Way of the Lower Mainland, are designed to support simple, non-medical, day-to-day tasks, such as housekeeping, grocery shopping, home repair, friendly visiting, snow shovelling, yard work, minor home repairs, and transportation to appointments (Lum, 2013). Such services are delivered through local, nonprofit NGOs. While Better at Home does not reverse the BC government's eligibility policy, it does recognize the importance of NGOs delivering non-medical community supports to help people stay at home.

Ontario differs from both BC and Saskatchewan. Under the Ontario model, the Ministry of Health and Long-Term Care funds 14 regional health authorities known as Local Health Integration Networks (LHINs), which in turn flow funds to Community Care Access Centres (CCACs) to provide single-entry coordination based on assessed needs (Ontario Ministry of Health and Long-Term Care, 2014). The CCACs contract out professional and home support services to private for-profit and private not-for-profit providers (Canadian Health Care Association, 2009). The LHINs also fund nonprofit NGO community service agencies directly to provide a range of services to the community clients who may not qualify for services from the CCACs. For example, the CCACs provide professional home healthcare services (e.g., nursing) free-of-charge to eligible individuals when budgets permit and services are available. Not-for-profit community NGOs provide mostly non-medical social support services, but because of limited budgets, they may charge user fees on a sliding scale geared to income, and may subsidize services for individuals with low incomes. Individuals who can afford it can purchase services privately from commercial for-profit providers. The types of services offered depend on the resource capabilities of individual NGO community providers. It should be noted that in December 2015, the Ontario Minister of Health released a discussion paper that proposes important structural changes to the health system. In particular, the document proposes eliminating CCACs while expanding the role of the LHINs so as to improve access to, and links between, primary care and other services, including home and community care (Ontario Ministry of Health and Long-Term Care, 2015). In June 2016, Dr. Eric Hoskins, Ontario's Minister of Health and

Long-Term Care, introduced Bill 210, Patients First Act 2016, which provides the legislative framework to such effect. Bill 210 is in its First Reading as of June 3, 2016 (Legislative Assembly of Ontario, 2016).

THEMES

A number of specific themes and subthemes emerged from our analysis of the qualitative interviews. They fall under the two broad categories: 1) assessing the value of quality of care, and 2) collaborative governance versus top-down decision-making.

Assessing the value of quality of care

What assessments are deemed appropriate to measure quality of care for the home and community care sector? Our interviews uncovered universal agreement among both government and community care actors that “quality of care” is important. But public servants and NGOs place significantly different emphasis on its priority. Public servants think that while quality of care is “hard to argue with,” it is also difficult to measure and there is a need to use quantitative indicators to demonstrate that public money is well spent. This sentiment is clearly articulated in the following statements by government officials:

The one thing I think that the community is more concerned about than maybe the acute care sector [is] ... quality of life measures. A lot of the measures we have ... are clinical (like pressure sores and stuff) ... With surgery: did you get surgery in a reasonable amount of time; what is appropriate; was it safe? And with community, especially with something like homecare ... you're talking about quality of life. I think that it's much harder to measure ... that's a tough one. My sense is governments typically don't feel a strong impetus to fund that kind of activity. There's a sense that it may be nice but not necessary. (Saskatchewan [SK] Government 1)

Well it's about public accountability ... And it's also about measuring performance. If you know that you delivered 8 million hours of home support to 125,000 clients, so what? Do you know if that made any difference? Is that a good use of public dollars? Did you achieve any outcomes that you wanted to achieve for clients that cost hundreds and hundreds of millions of dollars? (British Columbia [BC] Government 1)

In contrast, home and community care NGO respondents place a premium on quality indicators. NGOs, particularly NGO service providers, believe that reporting on “difficult to quantify” outcomes should be an integral component of “accountability” measures, and express frustration that current performance indicators tend to focus primarily on “process” measures that tally “inputs” in quantifiable units: how much was spent, how many people were served, and for how many minutes.

What CCACs report on right now is evidence around administration ... how money is spent, how many seniors are served. ... They are not measuring indicators that have to do with outcomes ... it's all process driven. (Ontario [ON] NGO 1)

My sense right now is that the government of Saskatchewan might pay some lip service to quality and community care but have done very little to actually measure it. I know that this long-term care report came out ... there's nothing to measure ongoing care. (SK NGO 3)

NGOs argue that performance indicators should also encompass “quality of life” outcomes such as the degree to which providers can promote choice, autonomy, dignity, comfort, security, peace of mind, empowerment,

relationships, social activity, and enable a person to live independently at their highest physical, mental, emotional, and social potential (Organisation for Economic Co-operation and Development and European Commission, 2013). In fact, many respondents distinguish between “quality of care,” which highlights the provider, and “quality of life,” which shifts the focus to clients. NGO respondents report that current accountability requirements either overlook or relegate quality of life outcomes to an inferior status versus quantitative process measures. NGO respondents mostly agree that quality of life indicators are not as easy to identify and define as quantitative measures, such as a successful hip replacement. Nonetheless, in the interest of tracking and improving their own performance and the impact on clients, a number of NGOs have established internal quality indicators primarily through qualitative client and caregiver feedback surveys.

... It's to keep the client at home comfortably and safely so a lot of our indicators ask ... how we are able to keep clients independent safely, with security and peace of mind. As well, there is life satisfaction ... level of independence ... do you feel you can manage better at home with help? There is community engagement and social activities—how often do you feel that you can participate in the community? A lot of our support services, like transportation are designed to help people to be social and to participate in the community activities as much as they want, all of which contributes to their quality of life. (ON NGO 3)

... [W]e do Meals on Wheels ... aside from the quality of the meals: Are they happy with the meals? Are they happy with the diversity of food that they get? So we have some discussion around the food from the clients' perspective. Related to meals is isolation. A lot of our clients deal with issues of isolation ... often the Meals on Wheels person is the only visitor that isolated seniors will see in a week. So we do take a baseline when clients start with us in terms of talking to them about their sense of social connectedness and sense of life satisfaction. We do review that with them on an ongoing basis; give them a call; we've sent out surveys. It's sort of self-diagnostic ... they provide a self-evaluation of how they're feeling in terms of social interactions and their overall sense of satisfaction. (BC NGO 3)

We're launching a new program with volunteers who deliver six to ten meals to clients, and spend some time with the client, do a quick health check to see if any physical or mental health issues are starting to emerge, because we try to have the same drivers delivering; looking at cleanliness of the home to see if we have any issues with hoarding; looking for dementia or any other signs of health deterioration. So, we're monitoring and increasing the level of social connectedness. (BC NGO 2)

Such activities are very grassroots, unsystematic, unstandardized, and range widely depending on the organization, region and province. By the same token, the qualitative surveys on those diverse activities are unique to the specific NGOs, making comparability across the sector difficult. For this reason, another respondent offered the following cautionary note.

... We are about supporting independence, quality of life ... which isn't as easy to define as when you're dealing with surgery. I would say we lack of research in our sector ... our indicators are not standardized. So we can't say what our work means to the other parts of the system. We've got major, major catch up to do!

... Even if we defined quality indicators appropriate to our sector, we would be challenged to report on them. The community sector does not have the resources or expertise ... we don't have clinical

practice leaders that are funded, like the hospitals. The resources to actually do the work should be underscored ... because it is a huge challenge. (ON NGO 3)

Size matters

While all NGOs in our sample recognized the value of quality indicators, there was a difference in outlook between larger versus smaller NGO providers. Smaller NGOs with resource limitations expressed concern that a proliferation of indicators can undermine their capacity to deliver their core services, in turn risking their ability to fulfill the quantitative requirements (e.g., number of visits and units delivered) that are currently central to their funding contracts with government. For example, some respondents noted that tracking quality requires information technology (IT) support, which is not covered in their contracts. Failing to meet the prescribed accountability measures can result in cancelled contracts; not meeting quality indicators carries no comparable consequence. As one of the small NGOs noted:

... If we can't figure out some way of demonstrating our impact, we're nowhere ... we're going to be lost ... we've been using the interRAI Community Health Assessment (RAI CHA) data assessment tool for almost four years now and we've actually got some cumulative data. So, we were really trying to figure out how we can use that to our advantage ... but there are too many organizations that are too small and aren't going to be able to do this kind of thing. (ON NGO 5)

Large provider NGOs or providers who are government employees, such as those in Saskatchewan, indicate that they have somewhat more capacity to devote to quality indicators. To optimize their relative influence on government, NGOs often collaborate with organizations across multiple sectors. For example, NGOs that work closely with the primary care sector (e.g., Community Health Centres, Family Health Teams) express that they have a better chance of “getting a heads-up on policies coming down the pipe” and “have an easier time circling up to Deputy Ministers, Assistant Deputy Ministers” (ON NGO 7) than if they did not have such connections. In fact, across Ontario, there is a trend toward mergers and consolidation among community support service NGOs not only to increase organizational efficiency by creating economies of scale to expand service offerings, but also to strengthen their ability to attract funding and to advocate for the sector (Babcock, Charles Chiu, Hofmann, Macrae, & Tremblay, 2012). Ontario NGOs also make use of their province-wide association, the Ontario Community Support Association (OSCA), which has close relationships with deputy ministers, assistant deputy ministers, and elected officials and is often invited to sit at consultation tables to provide input on community care matters. In British Columbia, NGOs have banded together from time to time to influence policies on specific issues within a regional health authority, although not as yet on quality indicators. In Saskatchewan, NGOs look to their national counterparts where they exist.

Funding matters

For some NGOs in BC and Saskatchewan, going beyond contractual requirements to report on quality of life outcomes is a deliberate strategy to demonstrate the value of their interventions to the clients served. Such a tactic is especially useful in attracting support from a greater diversity of funding sources, such as municipalities, foundations, and charities.

We now have Performance Quality Indicator initiatives for all of our funding regardless of the source. ... For us it's all about leverage. ... Needs are growing and government dollars are not. We need to continually position ourselves as a well-run charitable organization that can attract other dollars – donations, United Way, local ministry or federal ministry, corporate partnerships, fee for service, etc. (BC NGO 2)

We can't count on government funding; we can't count on health region funding ... we need to get into measurements much more. We need to sell our story better ... we're working on key performance indicators. The United Way is funding community agencies, and we recognize the need for this, to be better at outcome measurement of specific programs so that we can sell our story better. (SK NGO 2)

As funding from government sources shrinks, NGOs in BC and Saskatchewan feel less willing to compromise when it comes to outcome factors for quantitative indicators. Instead, they prefer to increase the profile of their organization's attention to quality in the delivery of supportive services as key to leveraging funding from alternate sources. Ontario NGOs, by contrast, display little inclination to deviate from measures that are critical to accountability frameworks.

In sum, NGOs believe that appropriate outcome indicators are essential to the services they provide, but are difficult to construct in large part because of the inherent nature of preventative and supportive care. Public servants acknowledge the importance of quality/outcome measures, but in the absence of concrete and reliable indicators, fall back on politically salient process and outcome measures that are easy to gather, interpret, and communicate. Concepts such as "quality of life," independent living, and optimizing a person's physical, mental, emotional, and social potentials are too loose to fit easily within current government accountability frameworks. As one government policy worker confided, governments want demonstrations of effectiveness and not "one-off stories." The respondent went on to say that community supports may be "nice but not necessary" when governments are trying to reduce costs and increase efficiency, and added the comment that older people without supportive services may be institutionalized quicker is "a bit of a stretch" and not easily proven. (SK Government 1)

Collaborative governance versus top-down decision-making

Key questions addressed in this section are: What input do NGOs feel they have in shaping the measurements relevant to their sector? Is the process seen to be "predetermined"? A common refrain from respondents, regardless of province or government/NGO affiliation, is the recognition that ultimately, the government ministry has the final word in determining policy. While consultation is seen as important to the policy process by both sides, public servants and NGOs have contrasting views on the purpose and potential outcome of such consultations (Evans & Shields, 2014). Public servants are particularly interested in using consultations to encourage "buy-in" around decisions involving multiple stakeholders and believe that this kind of stakeholder engagement is the sine qua non of "collaborative governance" (Ansell & Gash, 2008). The process is seen to be critical to increase transparency and accountability, and is deemed helpful to reduce downstream implementation failures.

We do consult ... the policy process [is] not "predetermined" ... it's more of a balancing between the "wants" of different stakeholders and the government's mandate. If you ask me, the community sector is divided and is ineffective at communicating what the indicators for the sector should be. (ON Government 4)

We do a lot of collaborative work for their input. "What does this look like? Does this make sense to you?"—that kind of thing. At the end of the day the Ministry makes the decision but they have a great deal of input and we value their expertise. (BC Government 1)

NGO respondents, by contrast, are more skeptical about the value and impact of their consultative input, and admit that their ability to influence policy is severely limited in most cases. In fact, as an NGO representative expressed: “the indicators are somewhat imposed ... whatever [funding agreement] we sign ... is more focused on the contractual obligations versus the outcome of the clients” (ON NGO 7). Other NGO respondents reflected on their lack of influence in the consultation process as follows:

We were not at the table as participatory decision makers, hammering out what would be the appropriate plan. They talk to us but it's usually after the fact and they come out and say this is what they're doing now. (ON NGO 6)

It's very much unilateral ... whether I go to the affiliate's administration meeting or not. I do not see a lot of impact in what I bring to that meeting and things that I try to forward at that meeting in terms of influencing the health authority. (BC NGO 6)

Nonetheless, NGOs recognize that being “at the table” is still preferable to not being present. This sentiment was expressed in the following words:

Most agencies try to grab hold of the opportunity to go and say what we want to say ... I think for them [government representatives] it's a process of community engagement making them look nice, that we have consulted the community already ... but whether they genuinely accept our ideas ... in any case, we try to participate. (ON NGO 3)

Do we participate fully, knowing what could be the outcome, or do we just stay outside of the tent and resist being part of things? ... [T]his is something that has always been a real issue for us in health care ... you need to have people present; you need to engage in this. It looks bad and it's unhelpful to not participate at all. (SK NGO 2)

Even though NGOs feel that their ability to play an influential role in shaping performance indicators is fairly minimal, they still believe in the importance of taking part in consultations with the regional health authorities and ministry representatives. Attending meetings is believed to be important to ascertain what policymakers are thinking and to be aware of the conversations and future initiatives taking place in their catchment areas. Most importantly, attending such meetings helps build good relationships with policy officials who are better positioned to formally influence government policy decisions.

THE POLITICS OF LEAN

A running theme from NGO respondents is that the financial climate of austerity in government presents additional obstacles for developing more appropriate evaluation tools for the community care sector. Quantitative measures make for politically appealing accountability sound bites in tight fiscal environments. For example, Ontario NGOs bemoan the government's current mantra that what can be measured gets funded, (Government of Ontario, 2005) since community care's core activities are not as easily quantifiable as the results for doctors and hospitals in the acute care sector.

As the “poor cousin” within healthcare, community care NGOs note that they lack the administrative and research capacity to develop appropriate and compelling qualitative measures. Devising surveys and analyzing their results takes time and diverts already stretched resources away from core service activities. Moreover, measuring “quality of life” is far more challenging than other types of “hard quantitative” indicators. Qualitative

measures inevitably involve more subjective variables, which are both difficult to construct and more easily challenged. For these reasons, NGO respondents feel that they are unable to make a persuasive case for performance measures that adequately reflects the value of their services both to clients and to the broader health system.

Our downfall as a sector has always been that we haven't been able to make a strong case with real data [about] why we need to make community care a real focus. When the government and the ministry said, "what is measured, gets funded"... it's absolutely true. Without good indicators, it is really difficult for us to challenge the status quo ... it is easier for government and policy makers to be dismissive of what is still perceived as social support when you can't prove that Mrs. Smith didn't go to ER because she got ... in home services, home maintenance and meals on wheels. So much of community support is preventative care. (ON NGO 1)

As noted at the beginning of this article, neoliberal public management approaches have embraced "lean" production (Baines & McBride, 2015; Shields & Evans, 1998) focused on creating more value for clients and patients with fewer resources, and favours quantifiable performance measurements. While our public sector respondents fall back on justifying spending through easily measurable impacts, NGOs believe that their limited policy influence in defending the importance of supportive services has more to do with the "politics of lean" than with the lack of positive community care outcomes for clients.

The Ministry of Health has decided that we're all "going lean" so that's been a huge driver of improvement in the system right now. It's just being rolled out ... they're going to be soliciting their [Homecare employees] input through that process ... they would say that ... it's about improving the patient experience. That's how all of this is being sold. That's the messaging the government has. Putting the patient first and taking all of the waste and delays out of the system so that the system can focus solely on the patient. I'm skeptical. I'm pretty skeptical about what's going on here. (SK NGO 2)

The health authorities are constantly trying to cut us back and claw back money from us, so we have to be on our guard with these folks. Quite frankly, they are not partners of ours anymore ... but what happens is they're the messengers of the bad news. They have to come and say, "Well, we're really sorry, but they cut our budget back this year. Can you provide the same level of service?" (BC NGO 3)

Austerity not only pushes governments toward quantifiable outcomes, but according to NGOs, encourages governments to use accountability measures as a way to justify further cuts to community-based supportive services.

STRUGGLING TO BE HEARD

NGOs across the three provinces were clear that their policy voices are often not very effective. Yet, they persist in pulling and tugging at the policy process by targeting specific policy actors, the media, and the general public. The study asked the following question to NGOs: "How do you seek to influence home/community care policy generally, and quality indicators specifically? Do you target politicians, the minister, or the minister's staff, other senior public servants? What other strategies do you use? Not surprisingly, the responses varied across provinces.

Lum, Evans, & Shields (2016)

Ontario NGOs seem to direct their efforts toward elected officials, their political staff, and high-ranking deputy ministers, assistant deputy ministers, or directors. They favour telling good news “performance stories” (Thomas, 2006) to the elected officials in their ridings so as to put the activities of the community sector on the public radar. Such stories help shine a positive light on government initiatives, showing that public money, when invested in the community care sector, is being put to good use.

I don't want to say they're [policy analysts] out of the picture ... but ... the people we are dialoguing with are at the ADM [assistant deputy minister] level, the director level ... we don't have much interaction with the people at management level or below. Part of the reason is that the status quo is easier than change, and there is not a lot of energy or enthusiasm at a bureaucratic level to think outside the box. So I often feel like you're banging your head against the wall and I don't waste time ... I mean there are meetings you get called to and there is information that we share but I don't spend a lot of time to try and develop policy at the bureaucratic level ... (ON NGO 1)

Given the importance of building trust and sustaining open channels of communication with political staff, Ontario NGOs find it extremely frustrating when ministers, deputy ministers, assistant deputy ministers, and other public sector senior managers staff change. From a public administration perspective, “horizontal” or the lateral movement of public servants across the public sector is an appealing concept; horizontal mobility is seen to encourage innovative, “out-of-the-box” solutions and un-siloed ways to think about wicked problems (Bakvis & Juillet, 2004). Horizontal moves are not as positive for the community care sector; however, as they trigger the need for a new round of “education” as the community care file passes to a new set of policy people.

Fostering positive government relations is a huge part of the work that I do ... it requires ongoing dialogue and communication with the government. ... When you represent the home and community sector ... there is a lot lacking in the government's understanding and valuing of what that means for the community that we live in. So it's not just being able to advocate for good policy, but also having a huge role in education. ... Just as you build a relationship with someone, say, a policy adviser, and they are starting to understand the idiosyncrasies of the community care sector, they're gone, and then you have a new person and you're starting all over again. (ON NGO 1)

BC NGOs view elected officials and provincial policy workers as being remote. Consequently, BC NGOs tend to focus on public servants in the regional health authorities, or local level representatives with whom they have longstanding relationships and share values that have evolved over time.

I would say that we have very little opportunity to influence government policy. We very much are disempowered and we don't have the ability to negotiate contracts like we once did. We're very much dealing with representatives at the local level, but those local representatives from governments are not the policymakers. We work really hard and work collaboratively with the local level. So that may be Public Health, Home Health representatives, representatives from the hospital, representatives from the funders, the Health authorities. Those are the local people working really well together. Everybody's on the same page philosophically; shared vision, shared mission. But in terms of influencing policy; in terms of the direction of funds, the dispersal of funds, the priority of dollars, even saving and the efficiency of ideas in brainstorming, those opportunities haven't been around for a long time for not-for profits. (BC NGO 2)

Increasingly, BC NGOs sense that regional and central authorities tend to play one off against the other. Instead of identifying key public sector policy people to work with, they feel caught in a series of firewalls between regional and central authorities with one level diverting responsibility to the other level to justify decisions within diminishing resources.

In Saskatchewan, where NGOs are mostly non-providers, NGOs feel that their most effective strategy to shape the direction of the policy process is to rally citizens' groups, mobilize public opinion, especially around elections, and to harness media interest.

When we're defending a service or wanting a service improvement we want the public to know what we're advocating for. We want the public to support our agenda, like keeping homecare public or expanding long-term care. We want to educate the public on seniors' issues. In the last few years we've been doing more and more polling and focus group testing of our messages to make sure people understand what we're saying about public services. (SK NGO 1)

DELIVERY MODELS AND POLICY ENGAGEMENT

The varying funding and delivery models of home and community care put NGOs in different roles in the delivery of home and community supports, and hence, set different contexts for NGO/public servant interactions across the three provinces. Generally speaking, provider NGOs report having greater access to public servants and/or elected officials than do non-provider NGOs, with NGOs in Ontario that deliver all home and community supports reporting the closest contact with upper-level public servants and/or elected officials, followed by BC NGO providers. Saskatchewan NGOs are mostly non-providers and report having infrequent contact with public servants. They feel they have little input regarding the policy process generally, and performance indicators, specifically.

Furthermore, provider NGOs say they are consulted for their input on a range of policy issues, including performance indicators, more so than non-provider NGOs. It seems that provider NGOs have built up a wealth of on-the-ground expertise, and are critical to the delivery of services. Hence, they are often "in the loop" when governments are considering changes in administrative or evaluative policies, and are invited to the table regarding policies relating to home and community care. By the same token, provider NGOs whose funds come mostly from government have a vested interest to take every opportunity to "be at the table" to influence policies that may affect their operational viability, with Ontario NGOs reporting the most extensive consultative relationships and Saskatchewan NGOs (mostly non-providers), the least. Finally, Ontario also has the advantage of a large, well-funded umbrella organization that advocates for the community care sector and provides a forum for NGOs to interact with one another.

The funding relationship between Ontario NGOs and government is not without the irony typical of co-dependent relationships. Although Ontario NGOs would at face value appear to have the greatest policy process input and impact on quality indicators for the home and community care sector, their dependence on government funding paradoxically undermines their capacity to shape performance indicators to be appropriate for their sector. For this reason, despite the much-vaunted place at the policy table for formal meetings or informal discussions, and despite their political leverage as providers, they feel their influence is minimal. As discussed above, their place at the policy table is a small one.

The relatively recent regionalization process in Ontario adds to the policy influence challenges of Ontario NGOs. Like in other provinces, the concept of regional administrative units was designed to be more responsive to the

diversity of local needs and to be sensitive to variations in demographics, and regional peculiarities. It appears that in Ontario, regionalization has added another layer of policy people who must be “educated” and persuaded. With each personnel change, this education must begin again, echoing what others have identified as a loss of continuity and institutional memory (Bourgault, 2003). Finally, our respondents seem to concur that the additional layer allows the regional level to offload financially difficult decisions to the more distant central level of government, making efforts around shaping appropriate indicators even more challenging. In the end, indicators are framed in the context of provincial priorities, namely accountability and quantifiable indicators with a focus on acute care, and may not reflect the viewpoints of community NGOs regarding using indicators to illustrate how the sector supports independence through high-quality care. Given the dependence of NGOs on LHIN [Local Health Integration Network]-based funding for core services in Ontario, community agencies face challenges in providing input into quality indicators if funders are not receptive toward those priorities.

BC NGOs are forging a different path. With a longer history of regionalization as well as austerity measures that have delisted many community support services since the mid-1990s, BC NGOs are diversifying their funding sources to tap resources from different provincial ministries, local municipalities, charitable foundations, such as the Vancouver Foundation, and donations. Thus, BC NGOs are increasingly using performance indicators to validate their organizations’ value as they seek funding support from diverse sources. In fact, the more varied the sources of funding, especially from non-traditional sources, the more “quality” is important as a “brand.” For this reason also, accreditation is valued as a key characteristic in attracting funding, as quality is seen to be an important component of the accreditation processes. BC NGOs may also use quality indicators and evidence of quality improvement to strengthen their claims for increased resource allocation within their RHA (regional health authority). For the most part, the drive for appropriate quality indicators originates outside government/RHA policy processes.

Because Saskatchewan home and community care providers are mostly government employees, regional health authorities develop internal quality indicators as part of their mandate to ensure quality and safety. The NGOs interviewed state they do not have much influence over the discussion around quality indicators in community care. They are often community-based interest or advocacy groups with an interest in advocating on a broad range of issues, including the quality of life of seniors under home and community care. Nonetheless, recognizing the importance of performance indicators within fiscally lean times, these non-provider NGOs attempt to exercise influence by aligning with government providers to prevent the erosion of community care services as has happened in other provinces.

In Saskatchewan, interestingly, unions have emerged as an unlikely advocate for quality performance indicators. By arguing for the importance of supports that keep older people at home, unions are in effect advocating for protecting the jobs of government home and community care providers. In a period of government fiscal austerity, unions may, however, find themselves in a difficult position as they also represent workers in the acute care sector.

DISCUSSION AND CONCLUSION

In conclusion, we return to our central research question: what performance indicators make sense for home and community care and who has input in deciding these indicators? Our findings suggest that state actors do recognize the calls from the home and community care NGOs to develop appropriate performance indicators for this sector, and to incorporate quality of life as an essential component of performance measurements. However, far from establishing new paradigms of power sharing (Ansell & Gash, 2008), the NGOs in this study do not see themselves as effective participants in new governance structures (Bevir, 2011; Noveck, 2011). As

evidence of the minimal effectiveness of NGOs in the policy process, one needs only to point to the ambiguous ways in which “quality” components have so far been incorporated into policies relating to home and community care performance measurements. Policy is still very much determined from senior government sources based primarily on measurable process inputs and quantifiable outcomes. New governance approaches to policy decision-making have failed to materialize and neoliberal approaches continue to dominate.

The Saskatchewan Home Care Policy Manual (2015) governs all aspects of the delivery of home and community care and empowers regional health authorities to develop and implement an evaluation system for performance measurements that are to include quality improvement for their home care programs. There is, however, no clear indication of the type of data required and how it should be collected. Furthermore, regional health authorities have considerable leeway in interpreting the nature of these quality improvement programs.

In British Columbia, the Ministry of Health Home and Community Care Policy Manual (2012) states that health authorities, “are required to use performance data to measure and monitor improvements in quality of care and health outcomes for home and community care clients” (p. 2). However, the Ministry of Health delegates its monitoring and enforcement responsibilities to the health authorities without requiring them to report on how they carry these out. Hence, beyond requirements for data submission from service providers, the policy lacks province-wide, specific standards, such as methods for conducting inspections, investigating complaints, and tracking and responding to reportable incidents. According to the BC Ombudsperson report (2012), the requirement for performance standards and measures is not considered to be legally binding. Individual regional health authorities may implement quality indicators and measures for internal decision-making processes.

In Ontario, community support service provider NGOs are required by law under the Local Health System Integration Act, 2006, to enter into Multi-Sector Service Accountability Agreements (MSAAs) with the LHIN funder. Under the 2014-17 MSAA, client experience based on client satisfaction surveys will be the only indicator that looks at the quality of care provided by the organization. An organization’s contract cannot be cancelled based on the results of these surveys in the same way that it can if quantitative requirements are not fulfilled (LHIN, 2014).

Medicare in Canada with its principles of universality, accessibility, comprehensiveness, portability, and public administration remains a defining characteristic of our Canadian identity and, in comparison to a market-based healthcare system, has produced superior health status indicators. However, it has created an institutional and policy legacy that places physicians at the heart of health decision-making at all levels and underscores the widespread public (mis)understanding that equates healthcare only with hospital and doctor care (Tuohy, Flood, & Stabile, 2004). Home and community care providers delivered mainly by NGOs remain “outsiders” within the Canadian healthcare system (Eversole, 2010; Van der Heijden & Ten Heuvelhof, 2012).

It is important, however, not to draw the conclusion that NGOs have no impact on quality, even if they have minimal impact on policies relating to quality of life indicators. NGOs from our interviews distinguish between “big wins” and “small wins.” The “small wins” come when policy hits the implementation road, below the operational radar where, as one respondent noted, “there is always ‘wiggle’ room!” (ON NGO 4) Community care providers confide that they can do much to affect their clients’ quality of life by making decisions about how they deliver services on the ground. Such implementation decisions consider the perspectives and past practices of NGOs below and beyond the radar of public servants. As noted above, larger NGOs may have more wiggle room than small ones. The big question is whether the “small wins” can open the policy space for greater policy gains.

What then are the main messages of our respondents in the home and community care sector to public policy planners regarding performance indicators? The first key message is the need to recognize the variability of care organizations: there is no single best approach to measuring performance across the care continuum from hospital to home and community. The “gold standard” of random clinical trials is neither possible nor applicable in all settings (Howlett, 2009; Thomas, 2007; Weiss, 1993). While scientifically based objectivity and feasibility performance measures can be used in the acute care sector where the primary outcome is to cure, alternate, more qualitative “indicators” may be more appropriate to assess the impact of the community care sector where the emphasis is on helping with everyday living (Campbell, Braspenning, Hutchinson, & Marshall, 2003; Donabedian, 1988; Goodwin, Dixon, Poole, & Raleigh, 2011). Avedis Donabedian (1988) and other authors (Goodwin et al., 2011; Wright, 2012) have highlighted the importance of “hard to measure,” more qualitative, or subjective elements of care on the outcomes of care. Furthermore, the multi-dimensional nature of “quality” may require multiple measurement dimensions (Aboriginal Health & Medical Research Council of New South Wales, 2013).

The second key message is not to throw the performance baby out with the measurement bath water. To date, NGOs rely on internal quality indicators to track and improve their own performance and on “good news stories” to publicize the effectiveness of their healthcare supportive interventions. However, governments can play a strategic role in effectively partnering with NGOs to co-construct appropriate community care indicators within an overarching systematizing framework so that resulting qualitative outcomes are comparable across organizations rather than being idiosyncratic and particular to specific agencies.

The marginal influence that the home and community care NGO sector has on developing performance measures in health belies the mounting evidence from other jurisdictions that quality care from this sector is critical to containing escalating healthcare costs (Commission on the Reform of Ontario’s Public Services, 2012; Donner, 2015; Sinha, 2013; Walker, 2011). Evidence indicates that transitioning people seamlessly from hospitals to home results in better outcomes for those requiring multiple services from multiple providers, and makes healthcare systems more cost-effective and sustainable, in contrast to fragmented or “siloes” systems (Johri, Béland, & Bergman, 2003; MacAdam, 2008). Importantly, a thriving home and community care sector can also prevent unnecessary emergency room visits and help relieve the imminent caregiver gap and caregiver burden as Canada’s demography shifts to an aging population (McNeil & Hunter, 2014; Williams, Lum, Morton-Chang, Kuluski, Peckham, Warrick, & Ying, 2016). The ability of NGOs to co-construct appropriate performance indicators is critical to a sustainable healthcare system, especially in the context of neoliberal austerity.

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Review Essay / Essai bibliographique Local Food, Local Economy

By Jennifer Sumner

The Emergent Agriculture: Farming, Sustainability and the Return of the Local Economy. By G. Kleppel. Gabriola Island, British Columbia: New Society Publishers, 2014, 165 pp. ISBN 9780865717732

Financing Our Foodshed: Growing Local Food with Slow Money. By C.P. Hewitt. Gabriola Island, British Columbia: New Society Publishers, 2013, 209 pp. ISBN 9780865717237

In the push for globalization over the last few decades, the local has been sidelined—dismissed as irrelevant, parochial or behind the times. In the wake of this push, we are facing the negative consequences of this political-economic phenomenon, including the consolidation of the food system in the hands of a few multinational corporations, long-distance supply chains that are vulnerable to environmental or political contingencies, faceless, placeless food of questionable safety, and the demise of rural communities.

These two books form part of the inevitable reaction to these negative consequences, while highlighting the importance of face-to-face relationships, communities of place, and the power of food. The first book, *The Emergent Agriculture: Farming, Sustainability and the Return of the Local Economy*, focuses on food production by engaging with what author Gary Kleppel (an academic as well as a farmer) describes as “the emergent agriculture.” For Kleppel, the emergent agriculture is “grounded in the philosophies of sustainability, local production, and the values of small-scale, family farming” (p. 4). In essence, it honours what comes from the land and promotes the ability to produce food that is safe and nutritious for large numbers of people while not depleting the soil, bankrupting the farmer, or abusing animals. Kleppel ranges over a number of relevant topics, including sustainability and the local economy, and turns a common concept on its head by reminding readers about real farm subsidies—not the payments by the state that make commodity prices artificially low but the ways in which farms subsidize all of us in so many unrecognized ways.

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The second book, *Financing Our Foodshed: Growing Local Food with Slow Money*, joins producers and consumers by explaining how to finance a local economy. The author, Carol Peppe Hewitt, is a co-founder of Slow Money North Carolina (NC), which is modelled on the Slow Food movement. Using stories to humanize her topic, she energetically describes the mission of Slow Money: to catalyze affordable loans to local, sustainable farmers and the food businesses that support them. In effect, Slow Money involves micro-loans at low interest rates that are negotiated directly between the lender and the borrower—Slow Money brings them together but does not handle any money itself. The lenders have some cash to invest, a dedication to local food and an ethical approach to lending that deplores usury. The borrowers are local producers and entrepreneurs with a vision, a business plan, and a shortage of funds to realize their vision. As of the publication of the book, Slow Money NC had enabled over 60 low-interest, personal loans worth \$600,000 and built a strong network of like-minded food activists.

The books share a number of important commonalities. To begin with, they both focus on food—a vital topic because everyone needs to eat. Food is not only a stimulating topic of interest in itself, but also an entrée into larger issues, like globalization, the economy and human rights. The books also emphasize the importance of relationships. Kleppel argues that the emergent agriculture “celebrates ethical relationships between farmers and consumers, farmers and livestock, farmers and the land” (p. 144), while Hewitt points out that communities are not the sum of their roads, schools and malls, but the sum of their relationships. Both books also highlight the concept of community, with the agricultural economist John Ikerd, who wrote the forward to Kleppel’s book, introducing the concept of “communities of choice” – communities of common interests, values, and place that are being created by the sustainable food revolution. The two books also hone in on developing the local economy: Kleppel uses the triple bottom line and devotes a chapter to Slow Money (while unfortunately incorrectly spelling the name of the originator of this movement, Woody Tasch), and Hewitt’s book is all about Slow Money and the local economy. And, finally, both books use narrative to positive effect, giving deeply human dimensions to the ideas they present.

Although generally persuasive, the books exhibit a number of shortcomings. For example, Kleppel justifiably critiques the cruelty and lack of transparency in large slaughter facilities, then fills his book with sweet images of the lambs he raises, but devotes no images to the process of more humane slaughter. Hewitt rightfully brings up the issue of the 99 percent, and describes how, in the last decade, “we’ve seen a huge chunk of the wealth of the 99% shifted to the 1% through a well-rigged system” (p. 113). On the next page, however, she laments how it’s politically incorrect to criticize people based on gender, race, or age, but just fine to take a jab at “the filthy rich” (p. 114).

In spite of the real problems these books address, they both unquestioningly assume a capitalist economy—albeit a form of “small-c” capitalism with a human face. Relatedly, both books skirt the issue of not having the money to participate in this new, local economy. Instead, the books are pitched at those with middle-class incomes who “vote” with their dollars, echoing Michael Pollan’s individualistic approach to food issues that some have critiqued as promoting neoliberal subjecthood (see, for example, Guthman 2007a; 2007b). This, in turn, opens up the question of the role of nonprofits and the social economy in the new local. Both books briefly mention the use of food stamps at farmers’ markets, but otherwise low-income people are ignored. Hewitt does add information about Slow Money NC, which she and her co-founders registered as a nonprofit, and investment clubs—groups of people with cash to lend who come together to make loans to farmers. But all in all there is little place for those with insufficient means in these visions of the future.

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The overall strength of these books is that they provide a grounded examination of how change would be operationalized in the new local. Crucially, the two authors do not fall into what Born and Purcell (2006) describe as “the local trap,” that is, assuming that the local is automatically more sustainable than the global. Born and Purcell remind us that there is nothing inherent about any scale. In their view,

scale is not an end goal itself; it is a strategy. Scale is a means that may help achieve any of many different goals. Which goal is achieved will depend not on the scale itself but on the agenda of those who are empowered by the scalar strategy. Localizing food systems, therefore, does not lead inherently to greater sustainability or to any other goal. It leads wherever those it empowers want it to lead. (p. 196)

The vision of the local presented in these books is backed by an agenda that carries the potential to overcome many of the negative consequences of the globalization agenda. Through narratives of actual practice, we can truly see the outlines of an emerging alternative to the juggernaut of globalization, although one that still needs to figure out how to ensure that *everyone* is fed, within the ecological limits of the planet.

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Book Review

By **Rebecca Stiles**

New Philanthropy and Social Justice: Debating the Conceptual and Policy Discourse.

Edited by Behrooz Morvaridi. Bristol, UK: Policy Press at the University of Bristol / Chicago: University of Chicago Press, 2015, 176 pp. ISBN: 1447316983

Behrooz Morvaridi's edited volume, *New Philanthropy and Social Justice: Debating the Conceptual and Policy Discourse*, is a valuable addition to Policy Press' book series "Contemporary Issues in Social Policy: Challenges for Change." By addressing the issues associated with social justice and today's "new philanthropy"—the increasing involvement in philanthropy of corporations and foundations started by wealthy individuals—Morvaridi's edited volume provides invaluable critical and philosophical grounding to the debates on philanthropy, contributing meaningful dialogue regarding the challenges and potential of philanthropy for social transformation. The book is a critical look at the new philanthropy as part of the neoliberal strategy to fill in for state responsibility as social expenditure wanes, critiquing the notion that capitalists are better than traditional actors at doing philanthropic work. The essential argument of the essays that make up the book is that the migration of business principles into the non-profit sector, via claims that "what works for the market will work for social justice," is fundamentally flawed and inimical to the goals of meaningful social change.

Consisting of eleven essays, Morvaridi's volume is divided into three thematic sections. Part One, the "New Philanthropy and Social Transformation," includes four essays that set up the historical and philosophical framework for the debate. Hugh Cunningham's piece argues that "the welfare states of Europe in the second half of the 20th Century were the price capitalism paid for political survival" and that "philanthropy is the price that now needs to be paid to justify neoliberalism" (p. 38). This provides an illuminating perspective as it highlights the paradox of philanthropy as a necessary by-product of neoliberalism, casting capitalism as both cause and cure. The results of this paradox, as Michael Edward writes in the book's second essay, is that "philanthropy is losing whatever transformational potential it possessed" (p. 33) as its "definitions of the public good are appropriated by private interests" (p. 39). Philanthropy conducted via the mechanisms of capitalism, these introductory essays collectively argue, are the wrong tools to address social injustices, which are their by-product. Indeed, as Tom Parr emphasizes in Part One's final essay, our moral obligation to injustice is "not only to mitigate its harmful effects, but to tackle its underlying causes" (p. 68).

Part Two, “Philanthrocapitalism and the Process of Commodification,” consists of two chapters and takes a practical view of market mechanisms’ impact on specific issues. For example, George Holmes strongly questions the place of markets in providing or managing public goods. In particular, he questions whether or not some things, like biodiversity, should ever be commodified, while pointing out that others, like social justice issues, simply are not commodifiable, making them incompatible with a capitalist system based on commodities. The inseparability of so-called “philanthropic ‘giving’ and capitalistic accumulations” that is associated with philanthrocapitalism has, Sally Brooks argues, detrimentally “steered the debate away from socioeconomic concerns and towards technical ones,” while recasting the aid recipient as a “consumer” (p. 102). The long-term outcome of this paradigm shift towards philanthrocapitalism, Brooks argues, is, in the end, unlikely to be “win-win.” This section of the volume provides keen insights into the practical incompatibilities of capitalism with philanthropy and is extremely valuable to the debate. The section, however, would have been strengthened by the addition of another article to further develop the implications for philanthropy today.

Part Three, “Philanthropy and Social Protection,” the final and most comprehensive section of the book, consists of five empirical chapters that problematize the new philanthropy’s notion that “private aid is more likely to go to the people who really need it” (p. 9). While disparate in tone and tack, these final essays are united in arguing that the mechanisms of capitalism and the goals of philanthropy are fundamentally at odds because the “invisible hand” reinforces existing power relations by “neglecting structural causes of injustice” (p. 11). John Mohan’s concern for the rise of “charity deserts,” for instance, reinforces the criticism that the new philanthropy neglects the structural causes of social injustice by mainly targeting the most economically viable locations instead of the most needful ones. Showing the tendency of philanthrocapitalists to choose causes based on the likelihood of a measurable return over those causes that represent the most pressing needs provides a morally powerful condemnation.

Overall, the book provides a coherent and persuasive case for the limitations of the new philanthropy in pursuing social justice. Providing a variety of contexts and examples (philanthropy and biodiversity, pro-poor agro biotechnology, social policy, civil society, British foundations, social justice issues in the global South, and charity deserts), the book argues convincingly that if market ideals really worked, there would not be large and growing disparities between the rich and the poor, not only globally, but also within the western “developed” countries. As Parr argues, the global economy unduly harms the global poor and therefore, according to libertarian principles, the beneficiaries of that economy are duty-bound to compensate them. But paradoxically, doing so through philanthrocapitalism, the book suggests, is akin to trying to heal the patient with the same poison that made them sick to begin with. While compelling, the book’s broader argument is, on the other hand, rather shortsighted. Indeed, an argument could be made that parallel to the development of the capitalist economic model has been the rise of the western world’s democracies. While one could argue that this capitalist path to democratization has not necessarily equaled broader social justice, liberal democracies have also seen the expansion of civil society, which has led to many social transformations such as the legal protection of minority rights or universal primary education.

There is thus, from another reading, a lack of balance in this volume as it generally neglects to address the possible benefits of the new philanthropy: redistributing wealth to society in the spirit of social welfare. The authors argue that the new philanthropy, with its unabashed focus on economic prosperity, is fundamentally at odds with the morally desirable goal of social justice. This does not, however, mean that there have not been benefits to the new philanthropy or that there is no evidence of bettered lives as a result of it simply because it has not explicitly supported systemic social change. A more balanced approach here would have been

worthwhile for a fuller understanding of the role of contemporary forms of philanthropy. There is certainly a case to be made that the new philanthropy has not been as widely or as quickly transformative as is idealized, but then a similar critique can be made of traditional philanthropy, which has its own history of inefficiencies and even failure. From another perspective, then, it could be argued that the new philanthropy is a good start, and one that could be enabling for local civil societies to seek their own social justice. In the end, while the arguments in Morvaridi's edited collection are squarely aimed against the new philanthropy of corporations and the rich, the essay's authors end up using essentially the same criticisms that have typically been aimed at philanthropy: that it is condescending and patriarchal, that it is superficial, that its efforts fail to go where it is most needed, that it doesn't engage local actors, and that it perpetuates the extant power structure.

Despite the book's overwhelmingly critical view of the new philanthropy, the volume still provides a strong philosophical backbone to the debate by firmly planting philanthropy in the fertile soil of the Kantian moral philosophy of social justice. The book powerfully demonstrates the full-circle movement from historical private philanthropy, through to public charity and government involvement in social welfare, and back again to the modern rise in private philanthropy from the wealthy and corporations. In doing so, it points to one of the most promising developments in support of social justice: more horizontal forms of philanthropy. The poor, as a percentage of income, have always been more generous than the rich, probably because they have a shared experience and understanding of their plight. Perhaps the best argument against philanthrocapitalism, or any vertical philanthropy, is simply that "old-fashioned" localized charity may, in the end, be a more effective strategy for addressing social justice issues. We might again be at a time of history where that is possible and desirable. After all, social transformation is much more likely in local hands, as opposed to waiting for money to generate from the "invisible hand."

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