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EDITORIAL / ÉDITORIAL

Jorge Sousa
University of Alberta

Sonia Tello-Rozas
Université du Québec à Montréal

A New Beginning

Welcome to the fall 2018 issue of The Canadian Journal of Nonprofit and Social Economy Research (*ANSERJ*). The theme of this issue is "A New Beginning." We are the new editors, Jorge Sousa (editor-in-chief, English-language editor) and Sonia Tello-Rozas (French-language editor). In this first issue under our leadership, we want to start by thanking JJ McMurtry and Denyse Côté. They established a strong presence for *ANSERJ* among non-profit and social economy practitioners and academics.

As we approach the journal's 10th anniversary, a change in leadership is an opportunity for reflection. Our goals and priorities will continue to be to strengthen the involvement and profile of *ANSERJ* across national and international communities; to reach more deeply into the Francophone communities in Québec and across Canada; to encourage younger scholars and practitioners to participate in the journal; and to strengthen our financial basis to ensure the journal will carry on. We believe these goals are achievable.

Un Nouveau Départ

Bienvenue au numéro d'automne 2018 de la Revue canadienne de recherche sur les OSBL et l'économie sociale (*ANSERJ*). Le thème de ce numéro est « Un nouveau départ ». Nous sommes les nouveaux rédacteurs, Jorge Sousa (rédacteur en chef et éditeur, langue anglaise) et Sonia Tello-Rozas (éditrice, langue française). En présentant le premier numéro sous notre direction, nous voulons commencer par remercier JJ McMurtry et Denyse Côté. Ceux-ci ont renforcé la présence d'*ANSERJ* parmi les praticiens et académiques impliqués dans les organismes sans but lucratif et l'économie sociale.

À l'approche de notre 10ème anniversaire, un changement de leadership est une occasion de réflexion. Nos objectifs et priorités seront de continuer à renforcer la participation et le profil de l'*ANSERJ* dans nos communautés nationales et internationales, à mieux rejoindre les communautés francophones du Québec et du reste du Canada, à encourager les jeunes universitaires et praticiens à participer à la publication, et à renforcer notre base financière pour assurer la continuité de notre journal. Nous croyons que ces objectifs sont réalisables.

While changes to the journal will be forthcoming, some will be more obvious than others. However, we do assure readers and authors that *ANSERJ* will continue to publish rigorous research that reflects the dynamism of the fields of nonprofits and the social economy. This current issue reflects that breadth and uniqueness of the *ANSERJ* community. The topics include pedagogical possibilities for Indigenous learners, strategic management in nonprofits, community research collaborations using popular-education techniques, and an international examination of credit unions in Costa Rica. We conclude this issue with a review of a book by one of our founding editors, Peter Elson. We hope that you enjoy this edition of the journal.

Nous projetons d'apporter des changements à la revue, certains plus évidents que d'autres. En même temps, nous tenons à assurer nos lecteurs et auteurs que l'*ANSERJ* continuera à publier des recherches rigoureuses reflétant le dynamisme des organismes à but non lucratif et de l'économie sociale. Le numéro actuel reflète l'étendue et le caractère unique de la communauté *ANSERJ*. Ses sujets comprennent les possibilités pédagogiques pour les apprenants autochtones, la gestion stratégique des organismes à but non lucratif, les collaborations communautaires sur la recherche utilisant des techniques d'éducation populaire, et l'examen international des coopératives de crédit au Costa Rica. Nous concluons ce numéro par la critique d'un livre de l'un de nos rédacteurs fondateurs, Peter Elson. Nous espérons que vous apprécierez ce numéro du journal.

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An Innovative Opportunity? Social Innovation, Entrepreneurship, and the Pedagogical Possibilities for Indigenous Learners

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ABSTRACT

The need to indigenize curriculum in Canada is pressing. Education, however, is fraught and complex. Questions have been asked about the accessibility and applicability of traditional class-based educational paradigms and subject matter. Based on the limited courses currently on offer in Canada, the emergent social-innovation pedagogy seems to bear several points of sympathy or commonality with Indigenous pedagogies, including emphasis on experiential learning, reflection, and collaborative work. Indigenous pedagogies and ways of knowing cannot and should not be slotted into a Eurocentric educational paradigm. This article will begin to explore this possible pedagogical sympathy—an overlap between the two knowledge systems—with the support of a group of Indigenous business students interested in social innovation as a tool to help them build the resilience of their communities.

RÉSUMÉ

Il existe au Canada un besoin pressant d'autochtoniser le curriculum. Il n'est pourtant pas toujours simple et facile de modifier le système éducatif, même si certains ont déjà mis en doute l'accessibilité et la pertinence du cours didactique traditionnel. À cet égard, on peut remarquer plusieurs affinités—y compris un accent mis sur l'apprentissage, la réflexion et le travail de collaboration par l'expérience—entre les pédagogies autochtones et la pédagogie émergente d'innovation sociale, malgré le nombre limité de cours de ce type offerts au Canada actuellement. Les pédagogies et manières de savoir autochtones ne peuvent pas, et ne devraient pas, être insérées dans un paradigme eurocentrique. Cet article entame l'exploration des affinités entre les deux systèmes de savoir en consultant des étudiants en commerce autochtones intéressés par l'innovation sociale comme outil pouvant les aider à rendre leurs communautés plus résilientes.

KEYWORDS / MOTS CLÉS Indigenous business; Social innovation; Pedagogy: Indigenous higher education; Business education / Affaires autochtones; Innovation sociale; Pédagogie; Études avancées autochtones; Éducation en commerce

INTRODUCTION

How can higher education support Indigenous communities' quests for continued and greater cultural, economic, and national resilience? The Truth and Reconciliation Commission's (TRC, 2015) calls to action are clear that higher education (as part of the education system) has a significant role to play in this imperative, as the calls include closing the funding and achievement gaps at all grade levels (calls 7, 8, and 11), supporting traditional language (calls 14 and 16), empowering parents and communities to be more involved in their children's education (call 10), and using education and academic research as tools for reconciliation itself (calls 62 through 65). The assertion by David Barnard (2015) of Universities Canada that the TRC has insisted that educational institutions must both work with Indigenous communities and be leaders in the wider effort towards reconciliation reflects this need. While efforts to increase Indigenous enrollment predate the TRC (Pidgeon, Archibald, & Hawkey, 2014), in this post-TRC environment, Canadian educational institutions must also address the concerns expressed by existing Indigenous students who have equated traditional academic success with cultural assimilation and the loss of identity (Brayboy, 2005; Castagno & Brayboy, 2008; Gallop & Bastien, 2016; Hare & Pidgeon, 2011; Neganagwedgin, 2001).

How can universities offer empowering education that does not replicate colonial structures and assumptions? This includes building mutually comprehensible pedagogy and research—referred to by Marie Battiste (2013) as a "trans-systemic bridge" (p. 100)—between Indigenous and non-Indigenous educational practices. Battiste (2013) described a space as spanning two distinct knowledge systems (hence they are not hierarchically ranked but horizontally spanned).

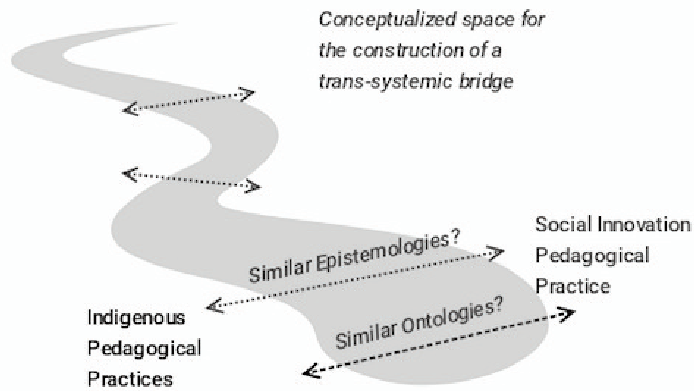
> Bringing two diverse knowledge systems together needs some consideration of the assumptions underlying each foundation and where the points of inclusion or merging might seem advisable. The need then becomes one of developing 'trans-systemic' analyses and methods — that is, reaching *beyond* the two distinct systems of knowledge to create fair and just educational systems and experiences so that all students can benefit from their education in multiple ways. (p. 103)

Some of the origins of knowledge, their underlying philosophies and values, should be considered when comparing Indigenous and social innovation education to see if there is a potentially strong foundation for this bridge. This is an especially important journey for non-Indigenous/settler academics and instructors, who need to reflect and re-evaluate their practices and origins of expertise to decolonize their institutions.

Research question

This article explores the emerging social innovation educational approaches and the belief that a "social innovation education should encompass tools and methods that support the design of high impact solutions" (Russo & Miller, 2013, p. 175) in the context of looking for a space with sympathetic aims with Indigenous pedagogies. Indeed, pedagogical projects have explored—with success—this pairing (Conrad, 2015); as a rough form of replication and expansion, could it extend to an entire pedagogical project, what Diane Conrad (2015) called "new paradigm thinking" (p.12)? This is meant as a reflection and an early exploration under ideal circumstances, as the precursor for a future, more contextual collaboration with Indigenous educators and pedagogical experts. Before building a trans-systemic bridge, it must be established to be on sure footing—are social innovation educators ready to take a fulsome role in reconciliation?

Figure 1: Indigenous and social innovation pedagogical practices, imagined



While the focus here is primarily ontological, the underlying epistemological pillars for both pedagogical streams may ultimately be more important in building a strong trans-systemic bridge: similar experiences with different theoretical drives, rationale, or worldview cannot be assumed to be equally aligned. By examining current wise practices on both shores (as conceptualized in Figure 1) and triangulating that with students' experiences and observations, it may be possible to begin identifying places to build that elusive trans-systemic bridge.

Study rationale: Indigenous Innovation Summit

Indigenous peoples in Canada have suffered—and continue to suffer—the traumas of colonization (Hurley & Wherrett, 1999; TRC, 2015). Although the seriousness of these issues should not be understated, "what has received less attention is the degree of community cohesion that remains and the desire among many Indigenous peoples to rebuild their communities on a traditional and culturally-grounded foundation" (Anderson, Dana, & Dana, 2006, p. 45). Rebuilding nations and communities "on their own terms for their own purposes," (Hindle, Anderson, Giberson, & Kayseas, 2005, p. 1) has led many Indigenous community leaders to explore social innovation and social enterprise as a set of tools to build on and strengthen their resilience (Anderson et al., 2006; Anderson, Honig, & Peredo, 2012; Hindle & Moroz, 2010; Tapsell & Woods, 2010; Volynets, 2015). Social innovation as an analytical tool has increasingly framed these efforts and those directed at self-determination (Alexiuk, 2013; McCarthy, Millen, Boyden, Alexiuk, Whitelaw, Viswanathan, Larkman, Rowe, & Westley, 2014).

Narrowing this broad focus, the specific impetus for this study was the first Indigenous Innovation Summit in November 2015. It was summit organizers' contention that "Indigenous communities are innovative by nature" (National Association of Friendship Centres, 2016, p. 4); it was a lack of common language that kept Indigenous communities isolated from the wider social innovation conversation. The experience raised the question of if and how Indigenous educational and pedagogical concerns and social innovation thinking could come together in a deliberate way. Social innovation out of the classroom is not abnormal and is considered a valid platform for education (Conrad, 2015). This was imperative because the overlap between social innovation and Indigenous innovation should not be assumed *prima facie* as exact, in spite of the Indigenous Innovation Summit's framing.

The below exploration was driven by Indigenous students' perspectives of the Indigenous Innovation Summit. Did the approaches and content of this event resonate with these youth leaders who were eager to harness all available tools to rebuild and revitalize their communities? As a non-Indigenous/settler academic working in the social innovation space, this was an opportunity to critically examine my own pedagogical practice within a larger institutional effort to indigenize campuses and curricula in response to the TRC's calls to action.

This article will summarize the trends of wise practice in both Indigenous pedagogies and social innovation pedagogy as outlined by established scholars and practitioners; it will then explain common themes derived from the experiences and assessments of Indigenous students themselves at the Indigenous Innovation Summit, an event designed to bring the two concepts together. These themes focused on the value placed on Indigenous cultures and tradition at the summit as sources of social innovation, and also the power, and relative success, of storytelling as a pedagogical medium of meaning making. The themes provide possible areas of commonality of wise practices as potential points to build a trans-systemic bridge, primarily of practice/ontology.

METHODOLOGY

Interviews

While several excellent studies have interviewed Indigenous students about their holistic experience or journey through formalized education (Brayboy, 200; Hare & Pidgeon, 2011; Pidgeon, Archibald, & Hawkey, 2014), this study focused on understanding the meaning making around a common experience. Semi-structured interviews were performed with all but one of the students who attended the summit as delegates; the last student was unavailable. Nine delegates were selected from a population of approximately 65 self-declared Indigenous students in a business program at a medium-sized Western Canadian university in fall 2015.

Delegates were contacted to arrange interviews approximately five months after the summit; although all expressed an interest, only eight interviews could be completed, six in person and two over email. In-person interviews were recorded and transcribed. Email interviews were offered the same list of questions with optional prompts. All interviewees were offered the opportunity to review and approve their interview transcripts, their quotations, and the eventual manuscript (quotations are presented here as anonymous to protect the students' identities). This was especially important as the interviewer was a non-Indigenous/settler academic, and did not wish to contribute to the long trend of academics appropriating and benefiting from Indigenous knowledges and experiences for professional gain. Textual analysis of these transcripts were analyzed and coded for patterns of meaning making and sense making, specifically efforts to conceptualize and frame their experiences as part of their broader educational experience, which are presented here as themes.

Biographical details have been removed to protect students' anonymity. The interview protocol sought to align itself with the Social Sciences and Humanities Research Council of Canada (SSHRC) guidelines for work with Indigenous communities. Note that this is not the first study to use semi-structured interviews with Indigenous students to explore pedagogical experiments. Cynthia Gallop and Nicole Bastien (2016), for instance, used participant action research (PAR) as one of their methods.

EXPLORING (PARALLEL?) PEDAGOGIES

Indigenous pedagogies

Sandra Grande (2008) indicated Indigenous pedagogy is currently more of a project than a completed philosophy or fully articulated and commonly practiced set of approaches. Instead of seeking the colonial (and Sisyphean) task of codifying Indigenous knowledges that are "fluid, nonlinear, and relational" (Kovach, 2015, p. 53) and acknowledging that "a universal Indigenous paradigm does not exist" (Loppie, 2007, p. 276), it is important to learn from the "wise practice" (Voyageur, Brearley, & Calliou, 2014) of North American Indigenous scholars and practitioners. The section below discusses a few overlapping themes from several Indigenous pedagogical projects/analyses, particularly the emphasis on a holistic approach, place-based and culturally rooted experiential learning, collective/collaborative learning, storytelling, and building engagement. It is not meant to be complete.

Holistic approaches

Erica Neganagwedgin (2011) presents a powerful guiding image: “Traditional ways of learning were wholistic and permeated all aspect so the child” (p. 4). So, when approaching holism in a discussion of Indigenous pedagogies, it is imperative to think about both the knowledge—“all my relations (to seven generations) and the holistic sacredness of Indigenous epistemology” (Sinclair, 2004, pp. 54–56; see also Barnhardt & Kawagley, 2005)—and the immersion in it/the learning systems (Battiste, 2002; Neganagwedgin, 2011) as it connects to a wider, whole world (Castagno & Brayboy, 2008). Maxine Matilpi (2012) provides a powerful presentation of Indigenous educational approaches as a wholeness and for wholeness: “[Indigenous] protocols, which express the value of family and community, provide opportunities to recognize, build, and maintain relationships. They continually reaffirm and strengthen our connections and are about building One-ness” (pp. 211–212).

Place-based and experiential learning

From this whole, immersive perspective, the learner and the learning is rooted in cultural, physical, and historical place and context; it is delivered through immersive experiences (Battiste, 2002, 2013; Grande, 2008; Iseke-Barnes, 2008; Ottman, 2013; Stonechild, 2006).

Collaboration

Collective, collaborative, and non-competitive learning experiences are important and sought out (Carr-Stewart, Balzer, & Cottrell, 2013). Coming from an American perspective, Bryan Brayboy (2005) suggests this is a common discussion point of difference between Western and Indigenous ways of knowing, which has significant implications for the classroom, assessment, and overarching pedagogy goals.

Storytelling

When learning from Indigenous knowledge holders, from elders to family members, storytelling is valued as a key pedagogical tool: “All of this was made understandable through demonstration and observation accompanied by thoughtful stories in which the lessons were embedded” (Barnhardt & Kawagley, 2005, p. 10). Storytelling can elevate the elder as educator in the “process of reconciliation and resistance,” (Iseke & Brennus, 2011, p. 248); in the classroom it can be used to incorporate Indigenous ways of knowing into that space (MacLean & Wason-Ellam, 2006). Stories are used to teach values, history, skills (intellectual, practical, and interpersonal), and community integration (Archibald, 2008; Brandhardt & Kawagley, 2005; Iseke & Brennus, 2011; Little Bear, 2000; Loppie, 2007; McLean & Wason-Ellam, 2006).

Engagement

The purpose of learning and inquiry moves beyond matriculation and toward both life-long learning (Battiste, 2002) and service to the community (Castagno & Brayboy, 2008; Pidgeon, Archibald, & Hawkey, 2014). Brayboy’s (2005) Tribal Critical Race Theory (TribalCrit) approach necessitates action/activism: “the research must be relevant and address the problems of the community” (p. 440), bringing full circle the notion that the community supports the learner, engages the learner, and the learner engages in the community. There is an iterative relationship between learners and their elders and the community.

So Indigenous pedagogies often encompass an iterative mixture of storytelling, experience/immersion, reflection, and ceremony that brings students together with their peers, their elders, and their community generally. They look inward in reflection and personal (often spiritual) growth and outward for community renewal and relationship (re)building.

Even a cursory awareness of historical Western university pedagogy indicates several discordant notes with Indigenous pedagogies. In particular, the non-linear, non-competitive quality, and the elevation of community, elders, and Indigenous knowledge holders over traditionally trained academics and university instructors challenge basic Western assumptions about authority, knowledge flows, and legitimacy within the academy. Both in content and structure, Indigenous pedagogies challenge the stability of ivory towers: “It is apparent that educational organizations have to ask some difficult questions when considering the authentic and meaningful inclusion of Aboriginal peoples” (Ottman, 2013, pp. 10–11).

Figure 2. Indigenous pedagogical wise practice

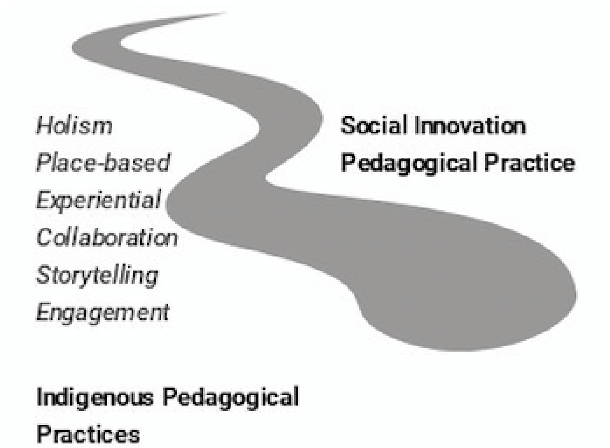


Figure 2 conceptualizes the above discussion of wise practice on one side of a hypothetical space for a trans-systemic bridge as proposed by Battiste (2013, p. 100). It does not presuppose where those intellectual systems might connect to social innovation pedagogy, which is discussed below.

Social innovation pedagogy

Social innovation-informed education experiences are growing internationally, and “promises of innovative solutions and transformational change seem to be omnipresent” in universities (Moore et al, 2018, p. 47). Social innovation has had a home in the Canadian academy under that name for more than a decade through initiatives such as the McGill-Dupont Social Innovation Think Tank, SiG@Waterloo, the McConnell Foundation’s Recode Initiatives (https://re-code.ca/), and engaged (with programming, classes, and space) universities such as Simon Fraser, the University of British Columbia (Sauder School of Business), Ryerson University, Grant McEwan University, Wilfrid Laurier University, and the University of Waterloo, to name a few. Social innovation has a subject of inquiry, a model for educational change (Loogma, Tafel-Viia, & Ömarik, 2013), and has informed pedagogy (Conrad, 2015; Moore et al, 2018). The former two may look little different from traditional educational environments, and in terms of educational change the social innovation may be in processes students never or rarely see, while the latter remains undertheorized, despite proliferation (Moore et al, 2018). The questions around social innovation curricula and pedagogies are growing: “how do you equip people to address complex problems?” (Cahill & Spitz, 2017, p. 35).

In their special issue of *Academy of Management Learning and Education* on the subject, guest editors Thomas Lawrence, Nelson Phillips, and Paul Tracey (2012) suggested that “the impact on how we design courses and course material remains an important challenge” (p. 319). While social innovation and social entrepreneurship are not analogous—although some advocate for a strong connection in education (see Kennan, Canavan, & Kearns, 2017)—both have, to different extents, grappled with what Dave Roberts and Christine Woods (2005) described as the need to gain legitimacy in academia for what is often practitioner-led or perceived as practitioner-derived. The below discussion suggests these disciplines have shifted classrooms more than be shaped by them. Reflecting on his decades of experience, Gregory Dees strongly suggested this kind of innovative, interdisciplinary, even institutional dismantling approach may be necessary to equip students to engage with complex problems (Worsham, 2012).

In their consideration of social entrepreneurship and social innovation education in Canada, Thomas Mengel, Maha Tantawy, and Jeffrey McNally (2016) found a heavy emphasis on experiential learning, trial and error learning, service learning, and practice-based learning in sixty percent of all classes. Additionally, they found the syllabi were a tool for collaboration and cooperation between students and instructors. Chris Steyaert and Daniel Hjorth (2006) argued linking entrepreneurship with social change creates a space where the former moves beyond “economic or progressive-instrument reductionism” (pp. 1–2) and possibly avoids the entrepreneurship field’s all-too-frequent race toward unbridled individualism. This is the tension that Yunxia Zhu, David Rooney, and Nelson Phillips (2016) identified in social enterprise programs embedded in management programs and why social entrepreneurs must be trained to balance business with social welfare.

Isaac Smith and Warner Woodworth (2012) emphasize the need for social innovation and entrepreneurship education to instill a social identity that includes the desire to change the world and the belief the student can achieve this change, again through service-learning, active engagement, and out-of-classroom experience(s) (similar to systems leadership, as discussed by Senge, Hamilton, & Kania, 2015). In their discussion of building “tomorrow’s agents of change,” Leon Prieto, Simone Phipps, and Tamara Friedrich (2012) emphasized supporting minority students’ work in “making a difference in their communities” (pp. 2, 6) through a critical social entrepreneurship pedagogy. Results similar to this have been found among students in different populations and pedagogical approaches to social entrepreneurship (Rahim & Lajin, 2014; Waghid & Oliver, 2017).

In their examination of the Rockefeller Global Fellows program, which is based on complexity and resilience more than social entrepreneurship, Michele-Lee Moore, Per Olsson, Warren Nilsson, Loretta Rose, and Frances Westley (2018) describe a transformation-oriented pedagogy based on transformation learning theory that deliberately mixed experiential learning, peer coaching, role play, artistic expression, and storytelling in addition to traditional styles of “lecture-knowledge transfer” (p. 41). The pedagogical base of transformational learning (Mezirow, 2000) highlights the program’s commitment to reflexivity and self-examination. The use of tools such as design thinking, change labs (Haapasaari, Engestrom, & Kerosuo, 2016), interdisciplinary teamwork (Conrad, 2015), and community-service learning (Conrad, 2015; Prieto et al, 2012) are common means to achieve experiential education, collaborative spaces, and reflectiveness across studies of social innovation education. Much of this is meant to instill the capacity for/identity of a transformative agent in students.

Transformative learning theory aims at critical reflection through experiences that will encourage students to question their underlying assumptions as they engage with a holistic orientation inclusive of multiple ways of knowing (Alden Rivers, Nie, & Armellini, 2014; Haapasaari, Engestrom, & Kerosuo, 2015; Mengel et al., 2016; Russo & Miller, 2013; Smith & Woodworth, 2012; Westley, Zimmerman, & Quinn Patton, 2013). Important here too is a systems lens that encourages students to understand a dynamic context, which they are a part of (Stauch & Cornelisse, 2016; Weber, 2012; Westley, Zimmerman, & Patton, 2006). This is balanced by an interest in, and support for, storytelling as a form of sense making and meaning making in complex adaptive systems (Cronon, 1992; Conrad, 2015).

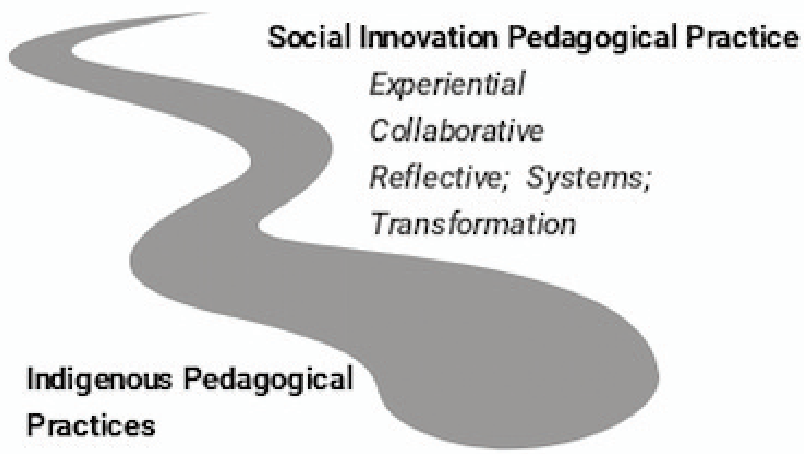
According to Bethany Alden Rivers, Ming Nie, and Alejandro Armellini (2015), social innovation change-makers have six key attributes: “they believe they have a responsibility to make a positive change in society; they have the capacity to make that difference; they take initiative to bring about innovative change that is local and systematic; they work with others in groups and networks; they live “authentically” according to their value; and they practice empathy by engaging in another person’s work without judgment” (p. 2). Importantly however, this needs to be rooted in a love for the problem, not the solution (Westley, Zimmeran, & Patton, 2006), or else at least one educator has warned of the risks of "heropreneuers" who think, based on the pedagogical training of pitch competitions and modified business tools, that they—and they alone—can solve the world's problems, and maybe make money at it (Papi-Thornton, 2016).

Based on extant studies (Alden Rivers et al., 2015; Alden Rivers, Nie, & Armellini, 2014; Conrad, 2015; Mengel et al., 2006; Prieto, Phipps, & Friedrich, 2012) and a consideration of classes programs, certificates, and competitions surrounding social innovation currently available in Canada,[1] the following table differentiates these new approaches from more classic university pedagogy.

Table 1: Social innovation education vs. classical education

Social innovation classes	Classical classes
Experiential/situational	Experiential or scholastic/lecture
Collaborative	Individual
Reflective & contextual[2]	Linear[3]
Love the problem/system-focused	Solution/results focused
Transformation learning	N/A

Figure 3: Social innovation pedagogical practice



Similar to Figure 2, Figure 3 conceptualizes elements of social innovation pedagogy on one side of a hypothetical trans-systemic bridge. This article will now explore both the Indigenous Innovation Summit and students' meaning making to explore possibilities for a bridge that empowers Indigenous students.

Indigenous Innovation Summit: Content and approach

There is no part of Canada that bears less of a responsibility for reconciliation; there is no one city that is unconcerned with Indigenous issues. However, Winnipeg often looms large in conversations about Indigenous issues in Canada because of the city's large visible Indigenous population, especially in its notorious North End; a series of terrible, avoidable deaths in the city drew national media attention and resulted in one publication declaring Winnipeg as the place "where Canada's racism problem is at its worst" (MacDonald, 2015). It was in this context that 320 people gathered in November 2015 at the Winnipeg Art Gallery to talk about Indigenous social innovation (MacDonald, 2015).

The summit's primary leadership came from the National Association of Friendship Centres, an association of 118 urban Indigenous service delivery centres across Canada (especially important as between 50 and 60 percent of Canada's Indigenous population lives in urban centres) (MacDonald, 2015). For two-and-a-half days (cold and wintry ones—a prairie winter storm landed during the opening night reception) academics, business leaders, elders, artists, and students met to connect over discussions and explorations of social innovations—current and possible—among Canada's Indigenous communities. They explored how these conservations could build those communities' resilience on the one hand and foster reconciliation between Indigenous and non-Indigenous Canadians on the other in order to build relationships and "a field of understanding" (CBC, 2015).

Summit organizers sought explicitly to engage participants. As National Association of Friendship Centres' executive director Jeffrey Cyr explained to the Canadian Broadcasting Company (CBC, 2015), "It's not a typical summit … we actually get engaged, its interaction and people work together on things." The summit used interactive storytelling as a key presentation form to both large and small groups; it also used drum circles, singing and dancing performances, elders' talks, ceremony, a world café focused on reconciliation journeys, and a change lab as part of its program. Additionally, sessions were categorized to aid participants, ranging from introductory (focused on storytelling successes) to intermediate (more interactive) to advanced (usually with a heavy amount of coaching). Topics included social innovation generally, social finance, innovation in education, youth innovation, healthcare, reconciliation and intergenerational reconciliation, and many examples of Indigenous initiatives and leaders—emergent and established. There were strong experiential elements, but given the emergent state of our understanding of Indigenous social innovation in those terms and the brevity of the summit (two-and-a-half days), the greater emphasis was storytelling.

INDIGENOUS STUDENT INTERVIEWS

Before comparing the wise practices for points of possible commonality, it is useful to consider what the students took away from the summit. It is important to note that social innovation itself, while generally of interest to the students both before and after the summit, did not become clearer or more coherent for them through the process, which underlines that their experiences cannot simply be used as validation for the existence of a trans-systemic bridge (Battiste, 2013, p. 100) but as triangulation of its potential as an empowering space for Indigenous students and broader institutional decolonization and indigenization. Ergo, each theme will be discussed independently and then compared to wise practices for potential commonality.

Theme one: A bridge between culture and innovation

If the summit was meant to build a field of understanding between social innovation and Indigenous communities and individuals, the students more clearly identified with the Indigenous element than the social innovation field generally. Indeed, when asked how they defined social innovation before and after the summit, no one student replied the same way, with answers ranging from new solutions to old problems to life-long learning. At least two students said the concept became more ambiguous to them through the summit.

Alternatively, the value of seeing and meeting Indigenous entrepreneurs and leaders was clear and universally held. Consider the following reflection from one student on Indigenous entrepreneurs (without necessarily the "social" qualifier): "The Summit seemed like an amazing opportunity to talk about the heritage of Indigenous entrepreneurs in Canada and forecast the future of these successful business peoples." Another student emphasized the importance of moving away from dependency on the federal government through business and entrepreneurship: "We could come back to doing things for ourselves and making … a profit so that we could help ourselves and also do good, you know without having to rely on … the government." One student expressed a new, less cynical view of social enterprise: "It seemed like social enterprise to me now seems like it's in the middle of the two, like you are able to make profits and give a lot back to the community as opposed to like giving a little bit in order to make yourself look good."

The students' recognition and interest that Indigenous cultures could be the source of innovation led to the most fertile cross-discussion of social innovation and indigenity. According to the students, presenters at the summit "used their culture to kind of show the world that aboriginals can like do things and … they create beautiful things with it." One student in particular hit on the idea that culture could be the origin of meaningful innovations:

> What really interested me at the summit was how everyone's innovation involved integrating their cultural roots to propose simpler solutions. It is easy to believe that complex problems will require a complex approach, however the ability to execute simplicity, while honouring cultural traditions was demonstrated to be an effective way to address these issues.

One student took this further and reflected on possibly being a social innovator: "I've followed lots of traditional stuff and it's always just, you know, the new way of doing things was school … my way of being an innovator was getting out there." Similarly, as part of intergenerational cultural/national revival: "I really enjoyed how they had so many great people, elders and young people that were all just wanting, wanting to try and [be] innovative and find new ways and a new future for Indigenous people."

All the student delegates were business students. A business degree was a choice: many of the students described a history (and/or family history/family influence) of business or entrepreneurship, most strongly identified the practicality/applicability of their degree as a tool to achieve broader goals as a major driver in their choice of studies. Therefore, it is not perhaps surprising that none of them verbalized a concern with the business-orientation of social innovation/entrepreneurship, as other observers have done (Mengel et al., 2016; Weber, 2012)—although this is speculation.

Five of the interviewees explicitly discussed how the summit helped them bridge the space between their culture, hopes for community, and their business education: "I love business and I love my culture but it was hard to see how they would work together, um, and with … the Summit I was kind of able to learn a little bit more about how they could work together." Similarly: "elders saying … you need to learn your traditional ways and combine them with the western ways and I think that's the main point of what I got out of the Summit." At the very least, this would suggest the summit offered a space to bridge Indigenous culture and business education, something students had not found in traditional education, which unfortunately has a virtual "culture of silence" (Sinclair, 2004, p. 52) on Indigenous business.

All but one interviewee referenced (without prompting) the Moose Hide Campaign (McDonald, 2015). It is not surprising the Moose Hide Campaign stuck with the students for months: a father and daughter—Paul and Raven Lacerte—still grieving the loss of a wife and mother, spoke (and then sang and drummed in ceremony) about their campaign to end violence against Indigenous women. Supporters wear a small square of hide on their label to demonstrate that they are open to talking about violence in their communities and their commitment to not use violence in their daily lives. Raven caught the first moose for the campaign along the Highway of Tears in British Columbia (a notorious stretch of road where many people, including many Indigenous women, have disappeared), in a gesture "meant to be a conversation started about how we value and treat Aboriginal women in our country and ultimately a way to end the violence" (National Association of Friendship Centres, 2015, p. 7).

While some students simply said the presentation either stuck with them or affected them, one student in particular reflected on its connection with conversations about innovation: "through this experience I have thought a lot more about the power of innovation, and how if used in the right way you can empower people to influence change. … I love the fact that I still keep seeing the moose hide pin's [relevance] several months after the summit." The power of a great idea, even one small in implementation, can trigger a shift in approach—and potentially a shift in a wider system.

Theme two: The power of stories

The summit emphasized the use of storytelling to convey both the narrative of Indigenous-directed change efforts, as well as the values of social innovation and cultural/national revival. These stories were meant to resonate on an emotional and intellectual level, very much in keeping with how Metis elder Tom McCallum discussed storytelling as pedagogy:

> We include a lot of things in storytelling that we leave for the other person to be able to interpret themselves. It gets the mind going. It puts their experiences together and validates them as a person who has the ability to be able to draw from that storytelling and relate it to their own lives. (Tom McCallum cited in Iseke & Brennus, 2011, p. 250)

There are several important elements here: a story's capacity to inspire personal reflection, to build a connection between learning and everyday life, and to inspire action and/or further learning. How did the student delegates feel about the use and form of stories at the summit?

Every interviewee spoke to some degree about the emotional resonance of the summit storytellers. They used the following terms to describe the stories and storytelling at the event: inspiring/inspirational (4); powerful (4); engaged/engaging (3); passion/passionate (3); emotional (3); heartwarming (1); resonated (1); blew me away (1); humanized (1); empowering (1); relevant (1); and enlightening (1). Several students effectively captured the possibility of transformation from the stories (again, without interviewer prompting):

> "They [the speakers] brought that traditional part, life lessons, learning life lessons, not learning from a book, living life."
>
> "… it's not until later on when you apply it to real life solutions that you realize you learned something."
>
> "I still think of some of the stories now."
>
> "[Acting as a storyteller themselves] Some people listened there because it was something real …"
>
> "most of our stories, not just my families but Indigenous stories were never written down, they were always spoken and they always have some lessons behind them … I don't think they meant us to follow the exact process that they did, they kind of were trying to say, like here's our story, this is what came out of it and you need to kind of like find your own path. … So I've heard how I now apply that to my life, or how do I take that story and make my own way to make it happen."

DISCUSSION

There is a risk when discussing Indigenous pedagogies in relation to other ways of knowing and teaching that the former is either elevated to the untouchable sacred (Battiste, 2002), or sliced up and slotted into a non-Indigenous context, disregarding the different origin knowledge/ways of knowing. Even seemingly useful cross-cultural approaches may be insufficient if they do not address Indigenous history and knowledges: "the danger lies in proclaiming an anti-oppressive stance, while doing little or nothing to address the reality of oppression" (Sinclair, 2004, p. 52). Indeed, some have invested significant thought into metrics of brokering Indigenous and non-Indigenous epistemologies (Kitchen, Cherubini, Trudeau, & Hodson, 2009; Ottman, 2013). In order to be sensitive to both concerns, it is important not to look for where Indigenous content and concepts "might fit" in a social innovation context, but instead look for points of epistemological sympathy for a trans-systemic bridge.

Figure 4: Points of triangulation

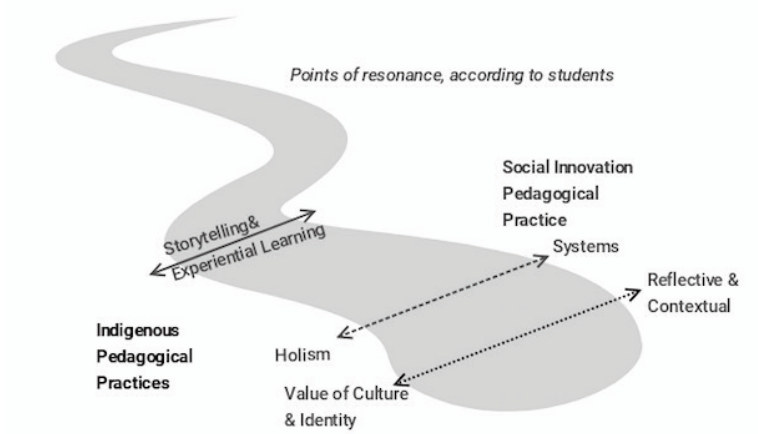


Figure 4 represents the triangulation of students' themes with the two pedagogical wise practices. Based on their own accounts, storytelling and experiential learning seem the strongest points of resonance/common meaning for the students followed by an interest in systems and holism; the strong value they placed on seeing their cultures as sources of innovation is not necessarily reflected in general social innovation education but may be considered proximate to the value on context and reflection. The latter two are discussed below in more detail.

Storytelling

When students talked about the summit storytelling, it was frequently in those terms, as an opportunity to connect with others and their community, but also to reflect internally on what that story did or could mean to them. These stories, and the emotional/intellectual questions they inspired, stayed with students for the five long months between summit and interview. Here is the strongest suggestion of sympathy between Indigenous pedagogy and social innovation pedagogy, where emotion and intellect, reflection and connection come together in the iterative act of storytelling.

Context and reflection

It is illuminating that students went into their business degree with some degree of passion, either for business directly or to do something for their community, but found little space for action or their culture in their traditional business education. As one student reflected, "I would say its something that's not talked about." Yet most found at the summit that passion for what businesses can achieve. Consider the following: "they [the speakers] had the same passion of just trying to help people, and I think most people forget about that when they get into business." Students' passion for enterprise and business was not necessarily one for personal aggrandizement; many explicitly talked about what they wanted to do for their families, to take a leadership role, to work for their communities, which is consistent with other studies of Indigenous students (Brayboy, 2005; Hare & Pidgeon, 2011). They found this drive reflected back at them at the summit—a form of reflective learning of great value.

That Indigenous cultures were so often the source of those solutions discussed at the summit excited and inspired the students, which suggests the need for a broad, community-informed approach when integrating Indigenous issues and social innovation; a greater awareness of the systems in which students are embedded. This is not surprising, but it places a burden on instructors to seek out elders and respected community members to inform and enrich that process. Giving up the power of the lectern may be a necessary sacrifice of educators seeking the foundation for a trans-systemic bridge.

Caution ahead

The sympathies between social innovation pedagogy (as currently imagined) and Indigenous pedagogies are not perfect. The focus in some social entrepreneurship programs on the individual agent in many examples of the former is too narrow, with the risk of losing their inherent embeddedness and interconnectedness with the community, the ecosystem and history, more common in systems-informed programs. There is a tension between individual initiative and community consent here that needs to be (and is yet not) resolved; Daniela Papi-Thornton's (2016) discussion of "heropreneurship" (ssir.org) illustrates an awareness of this, as does the criticism of some of the focus on change agents (Stedman, 2016) found in established social innovation literature (Moore & Westley, 2011: Westley et al., 2011).

Interestingly, the idea of simply inserting more Indigenous content into classes or a required class met with lukewarm support among student interviewees. While some studies suggest maintaining a "strong cultural identity" (Gallup & Bastien, 2016, p. 211) is key to avoiding the sense of assimilation, supporting that intellectual space may be partially about building empathy rather than just adding content without context. Student interviewees called for a better understanding of the kinds of problems and challenges they would face once out of school and that others had faced, and real-world solutions that engaged and involved students. Here is where we see an organic or emergent call for educational "tools and methods that support the design of high impact solutions" (Russo & Miller, 2013, p. 175), which were identified earlier as characterizing much of social innovation education. And here it is important to come back to the purpose of Indigenizing the Canadian university curricula, as Jacqueline Ottman (2013) points out: "As we reflect upon what it means to 'Indigenize the academy,' we are beginning from the presumption that the academy is worth Indigenizing because something productive will happen as a consequence" (p. 11). From the students' perspective, the linking of social innovation and Indigenous culture was a productive, inspiring space. It may not quite be the productive space Ottman imagined but it is certainly very promising.

It is important to reiterate that these students are not representative, and therefore they are not a test of what meets the standards of Indigenous education—indeed no one group of Indigenous educators or students is so equipped. Instead, we can understand how inspired these students felt to see a space for Indigenous communities in the social innovation world, and a space for innovation and innovative approaches to challenges in those communities. Importantly, this was seen as innovating from a position of strength—their cultural tradition—despite the deep, structural issues those communities face.

The relationship between social innovation and Indigenous communities may be nascent, and so too the educational toolkits associated with those concepts. However, the excitement and inspiration these students experienced in an immersive, culturally relevant event is a promising notice for social innovation and Indigenous business educators looking for a strong foundation for a trans-systemic bridge. Students themselves found this bridge between their passion and their practicality, between business and indigenity, between innovating and rejuvenating. We should follow their lead.

CONCLUSION

One student indicated the need for coming together between Indigenous and non-Indigenous Canadians: "I think it's really important for Indigenous and non-Indigenous people to come to a common ground and learn about each other. …When we say everyone's invited, we mean it, it's open arms and its reconciliation." Whether that sentiment reflects the summit generally or a possible sympathy for a systemic bridge is still open for debate, but these early signs are promising.

There seem to be a few practices both in social innovation education and Indigenous pedagogies that would point to sympathetic philosophical roots between the two. The summit itself seemed to act as a bridge between culture and tradition on the one hand and innovation on the other (theme one) and the students' reflections on stories (theme two) is consistent with how storytelling as pedagogy is emerging broadly as a powerful tool for self-reflection and social change outside of (but not regardless of) and Indigenous context (Coulter, Michael, & Poynor, 2007).

Importantly though, all future explorations must be done with humility and in partnership; to Indigenize social innovation education or any other field of instruction without strong and empowered Indigenous partnership would be to fail before we begin. Social innovation educators must (and are starting to) build strong relationships and the license of active and engaged consent from Indigenous communities—and hopefully iterative horizontal partnership. This is more than empathy, it is the humility of an actor enabled to act and doing so in relation to place, history, and community. "Everyone's invited" is not an invitation to replace colonization with social innovation, but to discover new ways to work together—in the classroom as well as in the world.

NOTES

1. This included Mount Royal University's (MRU): Agents of Social Change (community service learning project, based on social innovation lab methodology); Social Enterprising (launching cooperatives); Facilitation for Social Innovation (working in groups directly with a community client); Introduction to Social Innovation (particularly its social innovation lab). UW: Graduate Diploma in Social Innovation; Banff Residency in Social Innovation (with the Banff Centre). Ryerson: ENT 56A/B describes class content, including social innovation as very experiential and transformative; working in groups with the Toronto entrepreneurial ecosystem to launch an enterprise or social innovation. SFU: Social innovation competition. McGill: MGPO 438 Social Entrepreneur & Innovation (Nowak, 2015) (this last class seems the closest to classic business/nonprofit education).
2. Reflective means that no one piece of the experience is more important than another; while they are related to each other and can build on each other, breakthroughs and learning are more contingent on how the group interacts with the material. Importantly, the experience(s) a student brings to the group are key to instruction.
3. Linear refers to lectures building effectively on each other; material has an additive benefit and results can be compared across students (relatively) regardless of their pre-class knowledge.

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Nonprofit Strategic Management Revisited

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ABSTRACT

This article presents a review and analysis of empirically based research on strategic management in nonprofit organizations appearing in peer-reviewed journals between 1998 and 2015, and compares these findings with an earlier, similar study to determine how nonprofit use of strategic management has evolved over time. Findings suggest that determinants of strategic management have evolved beyond funder requirements to include environmental pressures to increase organizational efficiency and effectiveness, professionalize staff capacities, and respond to changing customer requirements. Nonprofits continue to use strategic management in response, and have recently adopted a wide range of for-profit strategies and practices in both strategy content and strategy performance areas. Strategic management offers both risks and rewards for nonprofits, but requires significant time, resources, and human capital that not all nonprofits readily possess.

RÉSUMÉ

Cet article présente l'évaluation et l'analyse de recherches empiriques—parues entre 1998 et 2015 dans des revues évaluées par les pairs—sur la gestion stratégique d'organismes à but non lucratif. Il compare ces données avec une étude antérieure similaire afin de déterminer comment la gestion stratégique par les organismes à but non lucratif a évolué. Les résultats suggèrent que les déterminants de la gestion stratégique ont progressé au-delà des besoins des subventionneurs, tenant compte aujourd'hui des pressions environnementales pour accroître l'efficience et l'efficacité organisationnelles, professionnaliser le personnel et répondre aux besoins changeants de la clientèle. Dans ces circonstances, les organismes à but non lucratif continuent de recourir à la gestion stratégique et ont récemment adopté un vaste éventail de stratégies et pratiques à but lucratif dans les domaines du contenu et de la performance stratégiques. La gestion stratégique, tout en posant certains risques, offre incontestablement des récompenses aux organismes à but non lucratif, mais elle requiert un temps, des ressources et une main d'œuvre que les organismes à but non lucratif ne possèdent pas forcément.

KEYWORDS / MOTS CLÉS Nonprofit organization; Strategic management; Strategy formulation; Strategy content; Strategy implementation; Organizational management / Organisme à but non lucratif; Gestion stratégique; Formulation de stratégies; Contenu de stratégies; Mise en place de stratégies; Gestion organisationnelle

INTRODUCTION

Nonprofit organizations (NPOs) are highly dependent on their external environment and vulnerable to effects from financial shocks, rapid technological change, and evolving stakeholder pressures (Bryson, 2011; Froelich, 1999). A common approach nonprofits use to address these changes and the resulting organizational challenges is strategic management (Black, Hinrichs, & Fabian, 2007; Mara, 2000). Strategic management can help nonprofits not only manage and respond to environmental change but also improve organizational decision-making (Maranville, 1999), help manage organizational relationships and external interactions (Hafsi & Thomas, 2005), drive goal accomplishment, and improve performance (Alexander, 2000).[1] Understanding how and where to apply strategic management is, therefore, critically necessary in allowing NPO leaders and managers to successfully navigate the environment and accomplish their missions.

To assist both practitioners and researchers in the application and advancement of strategic management, a team of researchers in 1999 consolidated a fragmented field of research to create the first comprehensive literature review on nonprofit strategic management. Melissa Stone, Barbara Bigelow, and William Crittenden (1999) synthesized 65 journal articles on nonprofit strategic management between 1977 and 1997 and discovered that most nonprofits had not yet adapted some form of strategic planning, and those that had were driven by funder requirements and the desire to shift missions and organizational roles. Strategic management was mostly used in response to resource requirements, with little concern for customer preferences and demand, and the outcomes of strategic efforts predominantly hinged on the structures, leaders, and networks within a given nonprofit (Stone et al., 1999). Over the past two decades, these findings have widely influenced both practitioner and scholarly efforts to better understand and apply strategic management; the article's citation count is in the 80th percentile for similar articles (Elsevier, 2016a) and has an above-average field-weighted citation impact of 1.34 (Elsevier, 2016b).

In the two decades since the study by Stone and colleagues (1999) (referred to hereafter as the SBC study), however, nonprofit organizations have been buffeted by unprecedented environmental and operating challenges, including the economic crises of the early 2000s and 2008, revolutionary advancements in technological and digital capabilities, and evolutionary changes in demographic, social, and economic relationships. Governments, the primary source of funding for many NPOs, have been steadily decreasing grants and contributions to nonprofits (Alexander, 2000; Papadimitriou, 2007), leading to increased competition between NPOs, which are not accustomed to competing with rivals (Basinger & Peterson, 2008; Hackler & Saxton, 2007; Shea & Hamilton, 2015). Increasing digitization and the availability of public data have created pressure for NPOs to improve transparency, accountability, and organizational effectiveness (Chadwick-Coule, 2011; Golensky & Mulder, 2006). These external pressures disrupt how nonprofits operate and deliver social value and, further, how and where NPOs can best use strategic management to navigate a changing environment.

As a result, what was true regarding strategic management in nonprofit organizations in the last two decades of the 20th century may not still be true in the first two decades of the 21st century. Since the SBC study, there has been very little work that consolidates recent empirical evidence on how nonprofits may have evolved the use of strategic management to achieve organizational goals. A new synthesis of the literature is needed and has even been suggested by current researchers (Kong, 2008). This study attempts to accomplish such a synthesis to determine if, and how, strategic management in nonprofits has evolved over the past two decades. Comparing the results between the SBC synthesis and this new synthesis may help answer the following questions:

> Q1: How are nonprofit organizations using strategic management to change or improve how they operate and perform?

Q2: How are nonprofits using strategic management to achieve organizational goals?

Q3: Are there any new or emerging issues with nonprofit strategic management practice?

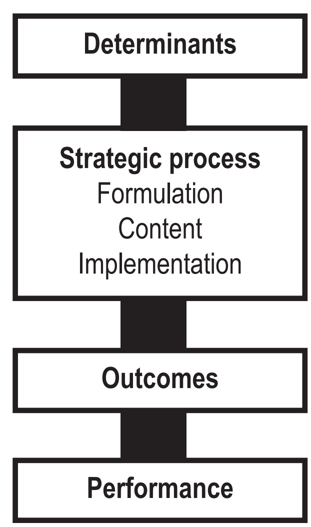
The first section in this article provides the context for research, the following section explores the conceptual framework of strategic management used in this study, and the third section highlights the research methodology. The fourth section compares findings between this study and the SBC study, and the final section summarizes current and emerging trends in nonprofit strategic management.

STRATEGIC MANAGEMENT

Strategic management in nonprofit organizations can refer to a range of organizational management applications. Mary Louise Hatten (1982) describes strategic management as "the process which determines and maintains a viable set of relationships between the organization and its environment" (p. 90), and Michael Olsen, Eliza Tse, and Joseph West (2008) use "the ability of management … to properly align the firm with the forces driving change in the environment in which the firm competes." (p. 6). John Bryson (2011) includes the achievement of organizational goals, stating strategic management is "the reasonable integration of strategic planning and implementation across an organization in an ongoing way to enhance the fulfillment of mission, meeting of mandates, continuous learning, and sustained creation of public value" (p. 25). Across the varying definitions, however, the use of strategic management is generally thought to help NPOs achieve positive effects, including the ability to improve communications and establish paths to accomplish goals (Hatten, 1982), improve program offerings (McHatton, Bradshaw, Gallagher, Reeves, 2011), prosper in dynamic environments (Hoffman, Digman, & Crittenden, 1991), build organizational capacity (Bryson, 2011), and achieve long-run superior performance (Kong, 2008).

Separating the strategic management process into phases enables a more specific examination of the various activities with the process. This article adopts the SBC study approach of analyzing strategic management through the phases of formulation, content, and implementation, as originally presented by Stephen Shortell, Ellen Morrison, and Shelley Robbins (1985). Strategy formulation is "the process an organization uses to determine its direction over the long term to meet its mission and achieve its objectives (Tucker, Thorne, & Gurd, 2013, p. 112). Strategy content "encompasses the actions and tactics that compose an organization's strategy and includes corporate, business, and functional level strategies (Stone et al., 1999, p. 380). Strategy implementation is the "process of turning strategy into action and monitoring and assessing the results" (Gimbert, Bisbe, & Mendoza, 2010, p. 479).

Figure 1: Strategic management organizing framework



Note: Adapted from Stone et al., (1999)

The SBC study further conceptualized a framework for analyzing these strategic management phases through determinants, outcomes, and performance (see Figure 1). Determinants of strategy are factors, influences, or conditions that exist within the organization or in the external environment that serve as antecedents or drivers of strategic management efforts. Outcomes of strategic management include observed changes, processes, or effects within the organization, or in external engagements, relationships, or conditions. The performance of strategic processes refers to a nonprofit's ability to acquire the resources necessary to achieve strategic objectives, a critical dependency for organizational survival (Crittenden, Crittenden, Stone, & Robertson, 2004). Both the SBC study and this study use the strategic management analysis framework to align and report study results.

METHOD

This research synthesis replicates the SBC study's approach to examining nonprofit strategic management, adopting the same strategic management process view and partitioning the literature between strategy formulation, content, and implementation. One significant departure from the SBC study, however, was in the search and selection of literature. The SBC study searched only the most prominent management journals and journals focused on nonprofit management between 1977 and 1997; this study used database searches to broaden the available pool of research, by both publication source and geographical location. Searches for "strategic management" AND "nonprofit organizations" were conducted in 33 electronic databases, including Business Source Complete, Complementary Index, Academic Search Complete, PyscINFO, SocINDEX, and JSTOR Journals. Only empirical articles in peer-reviewed academic journals between 1998 and 2015 that addressed one of the three strategic management phases were included in the review. The SBC study used 66 articles from 18 different journals; in contrast, this study used 58 articles from 20 journals (see Appendix A for a complete listing of journals).

Results and findings in the articles were extracted using Nvivo, a software program designed to organize and support the analysis of qualitative or unstructured data sets. This data was organized by the orientation of the original research to one of the strategic process phases, and then divided and aligned along the three dimensions of determinants, outcomes, and performance. Thematic synthesis was used, a method of review for qualitative and quantitative research through which descriptive themes are developed and then translated into analytic themes that respond to a research question (Thomas & Harden, 2008). These analytic themes were aligned in the same organizing framework as the SBC study to better compare the results of both studies. The following description of results outlines the changes in nonprofit strategic management for each of the three phases, organized by the dimensions of determinants, content, and performance.

RESULTS

Analysis of 58 articles over the past two decades indicates nonprofit use of strategic management has widely grown, driven by two main forces: pressure from stakeholders to achieve greater efficiency and effectiveness, and pressure from customers to adapt products and services to changing demands. Nonprofits have responded to these pressures by both adopting strategic management practices and adapting organizational strategies. To a very limited extent, nonprofits have further attempted to instill greater performance measurements systems to track and demonstrate social impact.

Strategy formulation: Then and now

Between 1977 and 1997, NPOs that did conduct strategy formulation were largely driven by organizational characteristics, the need to agree on organizational goals, and funder requirements. The SBC study further found strategy formulation efforts affected changes in organizational missions, structures, and the roles of boards and NPO managers, but discovered little evidence to connect strategy formulation to performance. Informed by 19 of 58 articles, this study found that funder requirements can still drive strategy formulation, but so too does a NPO's desire to grow or scale the organization, adapt to changing client demands, and respond to funder demands for increased accountability and transparency. Results also suggest NPOs use strategy formulation to determine organizational goals and objectives, shift approaches to delivering goods and services, and strengthening manager and employee relationships. Like the SBC study, little evidence connects strategy formulation to performance. Table 1 highlights the major findings between the SBC study and this study for strategy formulation.

Table 1: A comparison of major findings on strategy formulation, 1977–2015

1977–1997		1998–2015
Most nonprofits have not adopted strategic management	**Strategic management**	Most nonprofits conduct some form of strategic management
Organizational size, characteristics of boards and management, agreement on goals, and funder requirements	**Determinants**	Desire for organizational growth, demand for increased transparency, n response to changing client needs, and competition for funding
Changes in mission, structure, and board and management roles	**Outcomes**	Determination of goals and objectives, shifts in approaches to delivering goods/services, and changes to manager and employee relationships
Relationship between planning and performance is unclear but possibly associated with growth and who the stakeholders are	**Performance**	Recogntion exists of the need to tie strategy to performance, but few nonprofits are able to do so

Strategy formulation: Determinants revisited

External pressures drive NPOs to use strategy formulation in response to changes in customer needs and adapt the provision of products or services NPOs provide (Inglis & Alexander, 1999). Customers may demand that existing services offer greater value or benefit (McHatton et al., 2011), and David Moxley (2004) noted that consumer aspirations often shape how NPOs provide valued services, driving organizations to conduct strategy formulation (Crittenden et al., 2004). Further, nonprofits are experiencing additional competition for donors and funds (Alfirevic & Gabelica, 2007; Finley, Rogers, Napier, & Wyatt, 2011) from both nonprofit and for-profit organizations (Shea & Hamilton, 2015). Funder demands for increased transparency have also driven nonprofits to demonstrate increased accountability (Chadwick-Coule, 2011), and to operate more in the manner of for-profit companies (Maranville, 1999).

An internal desire for organizational growth is another principal determinant for many nonprofits to conduct strategy formulation. Growth presents new management challenges for organizations, and nonprofits are turning to strategy formulation as a technique for achieving growth goals (Bryson, Gibbons, & Shaye, 2001). Some nonprofits use strategy formulation to help develop new markets and funding sources, and ensure growth is matched to development goals (Harris, 2011). Organizational capacity growth, such as incorporating information technology tools and practices, also requires planning to ensure new capabilities are implemented to maximum utility (Jäger & Beyes, 2010).

Strategy formulation: Outcomes revisited

Strategy formulation tools and approaches appear to help nonprofits focus and rationally determine organizational goals and priorities (Courtney, Marnoch, & Williamson, 2009). Such tools and processes help NPOs develop plans with measurable annual goals (Mara, 2000), refine existing mission statements (Krug & Weinberg, 2004), or develop long-term organizational plans (Finley et al., 2011; McHatton et al., 2011). One study found that nonprofits prioritized not only missions but also objectives for human capital and organizational development (Shea & Hamilton, 2015).

Formulation efforts also alter the tactics, programs, or approaches nonprofits use to deliver products or services. In some cases, nonprofits have shifted approaches to include policy or lobbying efforts that complement local development actions (Bryson et al., 2001). Several organizations expanded services to new regions or more narrowly tailor existing services (Finley et al., 2011; Medley & Akan, 2008). Other NPOs are incorporating engagement and outreach activities with communities and clients (Swanson, 2013). Strengthened organizational capacity is often cited as an outcome in internal decision processes (Maranville, 1999; Meerman & Huyser, 2014), organizational strategizing (Jäger & Beyes, 2010), strategic perspective building (Harris, 2011), and human capital development (Bryson et al., 2001).

Organizationally, strategy formulation appears to have great impacts on management and employee relationships. Several NPOs use formulation processes to build strong cultures or protect certain ethos within the organization (Chadwick-Coule, 2011; Harris, 2011; Jäger & Beyes, 2011), or reassess and change existing cultures (Moxley, 2004). Further, strategy formulation helps create a clearer or more focused understanding of the work assigned to each employee (Chadwick-Coule, 2011; McHatton et al., 2011). Lastly, strategy formulation processes enable the reconciliation of organizational identities (Harris, 2011) and the protection of key employee and stakeholder relationships (Jäger & Beyes, 2011).

Strategy formulation: Performance revisited

Only two studies in this review directly examine the relationship between strategy formulation and various measures of performance. Roger Courtney, Gordon Marnoch, and Arthur Williamson (2009) find that housing associations using strategy formulation are positively associated with higher levels of performance, as measured by growth, financial reporting, resource acquisition, efficiency, and customer service. Further, organizations with more sophisticated strategic management efforts and superior performance tend to be larger nonprofits. William Crittenden, Victoria Crittenden, Melissa Stone, and Christopher Robertson (2004) find little linkage between planning and performance in terms of resource acquisition, but note the positive perception by NPO managers of other, non-resource outcomes. Several other studies recognize the need for performance to follow from specific actions or tactics included in strategic planning, even if these relationships are not specifically examined.

Strategy content: Then and now

The SBC study found nonprofit strategy content was largely a response to the external funding environment and relationships with funders, while customer needs were only minimally considered. Nonprofit organizations engaged in both competitive strategies, which pursued new revenue streams, and cooperative strategies, which helped link the organization with partners to achieve mission or resourcing goals. The SBC uncovered no examination of strategy content and performance linkages. In this review, 23 of 58 articles primarily examined strategy content, and while NPOs are still vulnerable to external funding environments, stakeholder pressure further pushes nonprofits to professionalize staff activities and achieve greater efficiency, effectiveness, and transparency. In addition, changing customer needs has significantly increased as a determinant in NPO strategy content. Nonprofits have responded to these pressures by implementing a variety of strategies, including those borrowed from traditionally for-profit marketing, differentiation, and performance management strategies. Findings suggest nonprofits are increasingly connecting strategy content with the organization's

Table 2: A comparison of major findings on strategy content, 1977–2015

1977–1997		1998–2015
Characteristics of resource environments and existing funder relationships; Little attention to changing demands for services or shifts in client needs	**Determinants**	Demands to improve efficiency and effectiveness, professionalize NPO workforce and respond to changing client needs
Both competitive and cooperative strategies are pursued, with substantially different outcomes	**Outcomes**	Nonprofits are adopting a wide range of for profit corporate strategies, delivering both rewards and risks
	Performance	Some nonprofits use strategies to drive resource acquisition, with varying success

ability to achieve additional funding. Table 2 highlights the major findings between the SBC study and this study for strategy content.

Strategy content: Determinants revisited

As the SBC study similarly found, strategy content is largely driven by a series of environmental pressures. Decreased government spending and increased competition are key determinants in forcing nonprofits to act (Canet-Giner, Fernandez-Guerrero, & Peris-Ortiz, 2010) to improve the efficiency and effectiveness of operations and demonstrate improved accountability (Akingbola, 2006; Golensky & Mulder, 2006). This drives some nonprofits to make transparency and evaluation key components of their strategic content. One nonprofit describes the environment as an "era of heightened scrutiny" (Hackler & Saxton, 2007, p. 474) resulting from the increasing availability and access of public data. Greater access to data allows stakeholders to directly evaluate nonprofit operations and performance and subsequently pressure nonprofits to demonstrate both programmatic and fiscal accountability within their operations (Golensky & Mulder, 2006). Further, many donors and funders require nonprofits to demonstrate improvements in efficiency and effectiveness to maintain funding (Alexander, 2000).

Even though nonprofits traditionally rely on volunteers, organizations are feeling pressure to professionalize their workforce as part of organizational strategy (Canet-Giner et al., 2010; Golensky & Mulder, 2006). This can include professionalizing broad management practices (Alexander, 2000; Hackler & Saxton, 2007), adopting for-profit corporate practices, or improving the training and skills of nonprofit managers. Strategies may also have more specific professionalization efforts, for example, urging nonprofits to develop a specific skill set and implement related activities (Pope, Isely, & Asamoa-tutu, 2009). In either case, nonprofits are often challenged to locate and hire or train enough skilled workers to meet this pressure (Pietroburgo & Wernet, 2004).

In addition to pressure from governments and funders, nonprofit organizations are responding to greater demands from customers and clients of associated products and services (Akingbola, 2006). The economic downturn following the financial crisis in 2007–2008 resulted in demand for an increased volume of services provided (Cronley & Kim, 2014; Hackler & Saxton, 2007). In some cases, the demand arises from existing clients who require additional or different types of services (Crittenden, 2000) for which there is simply not enough nonprofit supply. Other nonprofits report demand from unserved populations (Pietroburgo & Wernet, 2004), but often face challenges in acquiring resources or assets necessary to expand existing coverage.

Strategy content: Outcomes revisited

Nonprofits employ a variety of strategy types, including adaptive strategies (Alexander, 2000), survival strategies (Golensky & Mulder, 2006), acquiring new capabilities (Hackler & Saxton, 2007), shifting organizational decision-making (Hafsi & Thomas, 2005), or restructuring (Pietroburgo & Wernet, 2004). Nonprofits also often borrow from traditional for-profit strategies and tactics to improve operational effectiveness and mission accomplishment. Marketing strategies are a common approach, but are often directed at funders and stakeholders rather than customers (Alexander, 2000; Pietroburgo & Wernet, 2004). Mergers between organizations are used, especially if similar organizations operate in overlapping geographic regions (Basinger & Peterson, 2008). One U.K.-based nonprofit used a strategic positioning strategy to align core missions between the activities of other nonprofits and the government (Chew & Osborne, 2009). Resource centres, geographically distributed sites that logistically and materially facilitate the efforts of multiple nonprofit projects, have been used with success in some nonprofits (Netting, Williams, & Hyer, 1998). And organizations with a greater lobbying or grassroots approach are trying new communications strategies (Dreiling, Lougee, Jonna, & Nakamura, 2008).

Internal organizational forces often shape and effect how these strategies are developed and approved. Human relationship concerns, including the amount and level of communication regarding strategies and access to information (Basinger & Peterson, 2008), the views and commitment of employees (Cronley & Kim, 2014; Hafsi & Thomas, 2005), and institutional relationships (Stater, 2009) all affect the successful adoption of strategic content. In one example, a decentralized planning effort resulted in the emergence of new initiatives from employees (Canet-Giner et al., 2010). Employee involvement and engagement, however, can also reveal disagreement over the mission of the nonprofit and the desired strategic approach (Crittenden, 2000; Hafsi & Thomas, 2005; Wollebaek, 2009), or expose challenges in navigating the existing structure of organizational decision-making (Pietroburgo & Wernet, 2004; Pijl & Sminia, 2004; Wollebaek, 2009). Often, the success of strategy content efforts hinge on the receptivity and involvement of employees in strategic processes.

Strategy content: Performance revisited

A handful of studies briefly mention the role of strategy content in driving performance and achieving the resources required to survive. Some NPOs simply expect individuals in the organization, in lieu of strategic management, to achieve and improve resource acquisition. Although relying on individuals for resources is not new (McMurtry, Netting, & Kettner, 1991), nonprofits are increasingly relying on board members to connect the organization to new donors, funding sources, and political officials that might proffer support (Alexander, 2000). In addition to leveraging nonprofit boards, increasing the ability of staff to evaluate financial sources and provide financial projections can help nonprofits more accurately predict needs and secure resources (Crittenden, 2000). Organizationally, at least two strategic content choices can result in resource acquisition: linkages established between nonprofits engaged in boundary-spanning strategies can yield grants, contracts, donated services, referred clients, and media attention (Alexander, 2000), and mergers between nonprofits can ensure the financial survival of one or more nonprofits (Basinger & Peterson, 2008).

Strategy implementation: Then and now

The SBC study found that shifts in culture and environmental forces drove nonprofits to strategy implementation efforts, as did the various characteristics and backgrounds of an organizations' leader, board, or managers. The outcomes of implementation efforts were highly influenced by organizational systems, communications, and networks, and little to no evidence was found of resulting performance effects. Sixteen of the 58 articles included in this study focused primarily on strategy implementation, and results indicate that determinants of strategy implementation have shifted from broad, external forces to specific nonprofit stakeholders, who are demanding increased accountability, efficiency, and transparency from NPOs through the development and use of performance management or measurement systems. Table 3 highlights the major findings between the SBC study and this study for strategy implementation.

Table 3: A comparison of major findings on strategy implementation, 1977–2015

1977–1997		1998–2015
Exogenous turbulence affects organizational structure and the relationship between strategy & structure; Leader behaviour, the structure of authority, values, and their interaction	**Determinants**	External pressure to improve efficiency and effectiveness, competition for resources, and the availability of management control mechanisms
Interorganizational systems or networks are critical to strategy implementation outcomes	**Outcomes**	Most asscociated with organizational decision making to track and measure performance
	Performance	The linkage between performance and funding is well appreciated but poorly studied, measured, or specified

Strategy implementation: Determinants revisited

Nonprofits are using strategy implementation in response to stakeholder pressure and competition for resources. Donors and funders increasingly expect nonprofits to demonstrate that they are being managed both efficiently and effectively (Arvidson & Lyon, 2014) and to be transparent about their efforts (Greiling & Stötzer, 2015; LeRoux & Wright, 2010; Marlin, Ritchie, & Geiger, 2009). Stakeholders require evidence of improved management through a variety of processes, including mechanisms of organizational control (Keyt, 2001; Tucker & Parker, 2013), the introduction of performance management systems (Greiling & Stötzer, 2015), performance measurement systems (Sheehan, 1999), and staff professionalization (LeRoux & Wright, 2010). Additionally, strategy implementation helps some nonprofits respond to sector competition as traditional funding sources dwindle. Nonprofits see strategy implementation as a way to demonstrate positive performance as they compete for funds (Kaplan, 2001; Marlin, Geiger, & Ritchie, 2013), and in many cases, funders are using strategy implementation as an evaluation criteria when awarding funds (Tucker & Parker, 2013).

Larger or more developed nonprofits appear to more successfully use and implement strategic implementation processes. In one study, organizational size was the most significant factor in determining performance success, where larger and more developed nonprofits performed better (Brown & Iverson, 2004). At least some evidence suggests the efforts and performance of the organization's staff specifically leads to increased financial performance (Brown & Iverson, 2004) and successful strategy implementation (Sheehan, 1999). Other findings identified larger boards of directors as leading to more strategic and conceptual actions, and one study identified an executive director's experience and education level as significant to strategy implementation (LeRoux & Wright, 2010).

Strategy implementation: Outcomes revisited

Strategy implementation is mostly used to measure or track performance in the organization. Funders, and to a lesser extent the Board of Directors, tend to have the most influence in both the use and focus of performance measurement systems (Fine, Thayer, & Coghlan, 2000; Herman & Renz, 1999), and these systems are more often found in larger nonprofits over smaller ones (Greiling & Stötzer, 2015). Performance measurement efforts generally do not include any industry standards or benchmarks common within a nonprofit's operating sector (LeRoux & Wright, 2010), as the resulting systems or programs are often purpose-built for a specific nonprofit's mission.

Nonprofits employ a wide variety of techniques to develop or track performance measures (Fine et al., 2000). Measures can be drawn from organizational products developed earlier in the strategy management process, such as vision statements or strategic objectives (Keyt, 2001), and translated into outcome metrics. More commonly, nonprofits use the balanced scorecard technique to track measures (Kaplan, 2001). When executed well, such processes have had great effect, including strengthening organizational commitment (Black et al., 2007), empowering managers and delineating their roles and responsibilities (Sharp & Brock, 2012), aligning strategy, communication, and actions (Tucker & Parker, 2013), reducing organizational costs and improving customer satisfaction (Kaplan, 2001), and improving managerial decision-making (LeRoux & Wright, 2010).

Strategy implementation: Performance revisited

Scant research exists identifying the direct effects of strategy implementation in acquiring resources, although the importance of performance measures to gain funding is frequently noted. Dorothy Greiling and Sandra Stötzer (2015) suggest that nonprofits are keenly aware of the impact of performance accountability on securing financial resources, and Dan Marlin, Scott Geiger, and William Ritchie (2013) note that hospitals understand the "strategic imperative" (p. 427) for philanthropic donations and found hospital foundation strategies are one way to deliver.

DISCUSSION

The findings of this synthesis indicate that nonprofit strategic management practice has indeed evolved over the past two decades, largely to adapt to changing environmental conditions and accomplish organizational goals. Broadly, although NPOs still face pressure from funders regarding performance and social impact, nonprofits are increasingly expected to improve management, in both operations and staffing, and respond to changing customer needs. Nonprofits have adapted to these expectations and adopted a wide variety of strategies and performance management approaches to achieve organizational goals, but frequently face challenges when attempting to do so. More specifically, comparing these results to the original SBC study provides some answers to the questions posed earlier in this article.

Q1: How are nonprofit organizations using strategic management to change or improve how they operate and perform?

Operations: Efficiency and effectiveness

The greatest change in environmental forces has been increased pressure to improve the efficiency and effectiveness within nonprofit management and operations. Kunle Akingbola (2006) provides the clearest explanation of these terms, citing efficiency as "relating the numbers of people served to dollars directed to programs," and effectiveness as "measurable success at resolving social problems" (p. 268). Research evidence provides at least four strategic management proposals as ways NPOs can achieve both. First, Mohammed Mahmoud and Baba Yusif (2012) recommend NPOs become both market-oriented organizations and learning organizations. Nonprofits can become market-oriented by fostering the collection and evaluation of information on various stakeholders, customers, and understanding their interests, needs, and problems. To become a learning organization, NPOs must act on this information by planning, adapting, and implementing programs to address these myriad needs. Darrene Hackler and Gregory Saxton (2007) advise NPOs to incorporate greater levels and application of information technology (IT). Although some NPOs increasingly use IT capabilities (Golensky & Mulder, 2006), unleashing the full potential of IT capabilities may assist NPOs with efficiency, improving record keeping, performance management, and growing the networking activities of the organization (Hackler & Saxton, 2007). Third, Martha Golensky and Cray Mulder (2006) echo earlier studies that suggest NPOs' leaders become boundary spanners, where systems are developed to internally manage NPOs and shape or buffer organizational interactions with the external environment. Finally, both Malin Arvidson and Fergus Lyon (2014) and Fine et al. (2000) suggest improved performance management or program evaluation as mechanisms to better track changes in efficiency and effectiveness.

Staffing: Professionalization and volunteer recruitment

Strategic management practices are also affecting how nonprofits staff their organizations. Stakeholders, especially funders, are pressing for the professionalization of NPO staff. Few nonprofits, however, have the capacity and resources to hire salaried workers to replace the myriad of volunteers that support NPOs. In lieu of hiring salaried or "professional" employees, NPOs have responded by improving staff training opportunities and more purposefully recruiting volunteers. Organizations that are strengthening internal training for staff and volunteers report improvements in volunteer performance and internal coordination (Golensky & Mulder, 2006), more effective operations with improved accountability (Alexander, 2000), and more developed individual competencies and greater decentralization of decision-making, resulting in faster action and response times (Canet-Giner et al., 2010).

In addition to internal training, a few NPOs are testing new approaches to recruiting volunteers. One nonprofit offers flexible staffing arrangements to accommodate volunteer needs and cross-level organizational workloads (Pietroburgo & Wernet, 2004). Others have advocated for using marketing approaches for recruitment. Some nonprofits already use marketing strategies for a variety of consumer-focused or mission-related purposes, but the same marketing resources could also focus on potential volunteers as another target market (Pope et al., 2009). Although internal training and targeted recruitment appear to have positive outcomes for many NPOs, the expertise required to sufficiently employ IT capabilities and systems, for example, often overwhelms volunteers, and NPOs have found that salaried professionals are necessary in IT roles (Hackler & Saxton, 2007).

Performance: Changing customer demands

Strategic management appears to help nonprofits increasingly accommodate and respond to changing customer demands, in contrast to the findings of the earlier SBC study. Broadly, nonprofits acknowledge the need to include customer and community inputs when conducting strategic management (Akingbola, 2006; Crittenden, 2000). One survey of 242 NPO boards found that "responding to community needs" (Inglis & Alexander, 1999, p. 160) was a nonprofit board's greatest responsibility. Some nonprofits are implementing IT improvements to help improve service quality for customers (Cronley & Kim, 2014) or track the number and type of customers served (Hackler & Saxton, 2007). Other NPOs are incorporating direct feedback from customers in planning phases using surveys (McHatton et al., 2011; Moxley, 2004).

Q2: How are nonprofits using strategic management to achieve organizational goals?

The adaptation of strategies … but with risks

Through strategic management, nonprofit organizations are adopting a variety of traditional strategies or adapting for-profit strategies to fit their needs (Mahmoud & Yusif, 2012), and lines distinguishing between nonprofits and for-profits are increasingly blurred (Baruch & Ramalho, 2006; Beck, Lengnick-Hall, & Legnick-Hall, 2008; Brown & Iverson, 2004; Tucker, Thorn, & Gurd, 2013). The adoption of traditionally for-profit strategy content may reflect pressure from stakeholders, who may have more experience in for-profit settings, and view the adoption as a natural evolution of nonprofits (Tucker & Parker, 2013). Alternatively, nonprofits may also seek out proven best practices when pursuing improved business models or developing performance management systems, and for profits offer a variety of approaches to choose from (Finley et al., 2011).

Nonprofits can benefit from adapting for-profit strategies. The very process of developing strategy content can help focus the organization (Crittenden, 2000). Expanding services, improving business techniques, and networking activities have resulted in a greater exchange of skills between organizations, stronger external support from stakeholders, and the development of wider networks (Akingbola, 2006; Alexander, 2000). Partnering with corporate volunteers can yield both additional human capital and perspectives (Samuel, Wolf, & Schilling, 2013). At least one nonprofit reported that these strategic adaptations led "to some surprising levels of control over the environment" (Hafsi & Thomas, 2005, p. 343).

Even as NPOs attempt traditional or for-profit strategies, organizations face both constraints and risks when attempting to employ strategy content. The original founders of nonprofits, especially if they are still involved in the organization, may resist shifting or expanding the services they helped to establish (Alexander, 2000). Stakeholders may also resist, concerned that expansion may duplicate existing programs or reduce the impact of existing efforts (Alexander, 2000, Golensky & Mulder, 2006; Hafsi & Thomas, 2005). Nonprofit boards can also block changes even after changes are well underway (Pietroburgo & Wernet, 2004), and any changes that required structural shifts may move out experienced workers or board members (Neville & Murray, 2008). Employees and volunteers may also resist if proposed changes seem to clash with the organization's mission, or if new strategies require different human capital skill sets (Basinger & Peterson, 2008). Further, organizational shifts and changes in strategies can be lengthy and labour intensive, sapping already strained resources (Alexander, 2000; Pope et al., 2009), or require additional resources when strategies are exceedingly successful in accomplishing organizational goals (Netting et al., 1998).

Q3: Are there any new or emerging issues with nonprofit strategic management practice?

Performance management systems

As part of the strategic management process, nonprofits are increasingly pursuing mechanisms to assess and measure performance outcomes. Performance management approaches or systems are often required by funders, but NPOs themselves increasingly see value in measuring impact to attract additional resources or moral support, demonstrate a return on investment, or simply to see if their theory of change to solving a social issue is working (Pritchard, Ogain, & Lumley, 2012). Even NPOs with existing measurement systems often seek improved approaches, as initial or traditional methods of tracking performance become obsolete (Keyt, 2001).

Nonprofit organizations often develop innovative, unique, or purpose-built products and services to fill a social need. As Akingbola (2006) states, “there is no universally accepted measure of organizational performance, especially one similar to for-profits” (p. 267). The uniqueness of each NPO’s context in delivering social products and services often necessitates a similarly unique or customized way to measure performance or impact. Custom-built performance measurement systems can be incredibly time-consuming to develop and implement, and the organization must be trained in using and understanding the system. The use of custom systems means nonprofits, broadly, implement a wide variety of performance management systems, which are not easily transferred between organizations or sectors or adaptable to even similar NPOs (Fine et al., 2000). Although nonprofits realize the data generated by these performance systems is necessary for resource acquisition or required by funders, many organizations would rather allocate such administrative investments into mission-oriented goals (Greiling & Stötzer, 2015). This can generate organizational resentment or resistance against fully using performance measurement systems and the data they can provide.

Nonetheless, practitioners increasingly see value in performance measurement as a management tool beyond a mere funding requirement. Unfortunately, practitioners may not always have the time or resource available to either adapt for-profit tools or develop custom measurements for their organization. When attempting to use performance measurement to improve efficiency and effectiveness, as has been suggested, it is probable that efficiency and effectiveness will each require a unique measurement approach. Further evidence or research that can effectively demonstrate the application of sustainable for-profit measurement tools, or create broadly applicable methods specific to the nonprofit sector, is likely to greatly assist and inform NPO managers in performance management approaches.

Resource requirements for strategic management

Strategic management requires a significant investment of organizational will, capacity, and resources to conduct strategic management phases, develop performance systems, and execute necessary networking activities. Many nonprofits already recognize that strategic management success requires great commitment and effort, can take months to create (Alexander, 2000; Moxley, 2004), and may require organizational discipline to sustain processes with which nonprofits are not accustomed (Maranville, 1999). Further, strategic management also requires managers to spend time networking, motivating, or convincing various stakeholders to contribute to the process. This resource requirement may explain why larger nonprofits are more likely to conduct strategic management, as they may have more resources to allocate.

One approach used to address the required investments for strategic management is by outsourcing much of the process to outside consultants. Smaller NPOs, which may still be led by the original founder, often do not have the appropriate management skills or training to lead organizational strategic management (Alfirevic & Gabelica, 2007), nor the organizational capacity necessary to dedicate to planning (Brands & Elam, 2013). Larger NPOs may have more experienced managers and staff, but generally require more advanced or complex strategic processes and may find it more convenient to outsource development rather than shift existing staff members from mission-related activities.

Outsourcing strategic management to consultants, however, can present risks to NPOs. Consultants are often hired for a defined time period, in which they must develop a strategic process, implement the process, and help train the organization on how to implement and sustain the plan. Once consultants leave, however, it falls upon the organization to stay committed to the process. As managers and staff change, institutional knowledge can be lost. Additionally, external consultants may conduct too much of the planning without the appropriate involvement of key stakeholders, such as boards, funders, or the workforce. If boards and funders are too excluded from planning or processes, they may not have buy-in to the product and can either reject any strategic processes or fail to use them in decision-making. Limiting or failing to involve the workforce may also prevent a strategic management effort from leveraging the experiences and knowledge of those working closely with the organization's customers. When using outside consultants, NPO managers should balance the need to outsource strategic management development with insourcing organizational involvement and commitment to the result.

Hybrid organizations and alternative funding models

This research uncovered no substantive linkages between nonprofit strategic management and the newly emerging topics of hybrid organizations, including social enterprises, nor the variety of new funding models for third-sector efforts. As this study—similar to the SBC study before—focused only on nonprofit organizations, it is possible that any relevant evidence was purposefully excluded from the review. Similarly, alternative funding models emerging from the growing social enterprise space may have also been excluded, or be too recent to have generated research evidence for this synthesis. Future research may seek to expand the synthesis beyond nonprofits to include social enterprises or hybrid organizations.

CONCLUSION

This study has examined how nonprofit strategic management has evolved over the past two decades. Nonprofits are experiencing pressure from reduced government funding, increased competition, stakeholder demands for accountability and operational effectiveness, and rapid changes in technological and data access. These forces create uncertainty and expose organizational deficiencies in decision-making, human capital skills, or performance management systems. The findings of this study suggest that NPOs are using strategic management to address uncertainty, mitigate deficiencies, and continue to evolve and adapt strategic content and implementation. Nonprofits that use strategic management can deliver improved results and performance, although risks are present and the relationship between strategic choices and specific outcomes are not yet fully understood. Nonprofits are likely to continue using, evolving, and adapting strategic management to help address uncertainty for the next two decades.

NOTE

1. There is a rich body of evidence that challenges the appropriateness, usefulness, and effectiveness of strategic management in organizations (see Mintzberg, 1994, or Martin, 2014). This article does not seek to deliberate these points, but in the spirit of advancing previous scholarship on strategic management, instead follows the premise of scholar John Bryson (2011): managers of nonprofits are more likely to determine suitable paths to attaining organizational goals when using a disciplined process of deliberation, namely strategic management.

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APPENDIX A:
Journals included, 1998–2015

Administration & Society
Administration in Social Work
Asian Business Review
Financial Accountability & Management
Human Service Organizations: Management, Leadership & Governance
International Journal of Management Reviews
International Journal of Organizational Theory & Behavior
International Journal of Productivity & Performance Management
International Journal of Public Sector Management
Journal of Nonprofit & Public Sector Marketing
Journal of Organizational Change Management
Long Range Planning
Management: Journal of Contemporary Management Issues
Nonprofit & Voluntary Sector Quarterly
Nonprofit Management & Leadership
Organization & Environment
Public Administration Review
South Asian Journal of Business & Management Cases
Strategic Change
Voluntas:International Journal of Voluntary & Nonprofit Organizations

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Negotiating Bottom-Up Participation in the Complex Game of Philanthropy: Insights from the Community Ideas Factory

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ABSTRACT

How does one build a Request for Proposals (RFP) process that allows for bottom-up participation while simultaneously being pragmatic and adept enough to manoeuvre the complexities of a multi-stakeholder environment defined by differing interests, objectives, mandates, and power dynamics? This article showcases the findings from participatory work with stakeholder groups working in the area of food security in Southern Ontario's Halton Region. It demonstrates a process designed with the specific intent of increasing the engagement of beneficiaries and service providers in the RFP process. Finally, the article seeks to shed additional light on theory and practice of "participatory approaches" in the context of philanthropy. It is important to be realistic in not reifying participation itself in this context. In both theory and practice, this means adopting lenses and models that openly consider the complex realities, political obstacles, and trade-offs that occur when negotiating participation in this environment.

RÉSUMÉ

Cet article aborde la question suivante: comment créer un processus de demande de propositions (DP) permettant une participation ascendante tout en étant suffisamment pragmatique et suffisamment habile pour gérer les complexités d'un environnement multipartite défini par des intérêts, objectifs, mandats et dynamiques de pouvoir différents? La question est répondue en présentant les résultats d'un projet de travail participatif intégrant des intervenants travaillant dans le domaine de la sécurité alimentaire dans la région de Halton, dans le sud de l'Ontario. L'article illustre un processus conçu qui a le but spécifique d'accroître la participation des bénéficiaires et des fournisseurs de services au processus de demande de propositions. Enfin, l'article cherche à apporter une réflexion additionnelle sur la théorie et la pratique des « approches participatives » dans le contexte de la philanthropie. Il met de l'avant l'importance d'être réaliste dans ses attentes pour ne pas réifier les bienfaits de la participation dans ce contexte. En théorie et en pratique, cela signifie d'adopter des objectifs et des modèles qui tiennent compte ouvertement des réalités complexes, des obstacles politiques et des compromis qui se produisent lors de la négociation de la participation un tel environnement.

KEYWORDS / MOTS CLÉS Participatory development; Creative problem-solving; Philanthropy; Food security
Développement participatif; Résolution créative de problèmes; Philanthropie; La sécurité alimentaire

INTRODUCTION

Established in 1994, the Oakville Community Foundation (OCF) plays an influential role in the Town of Oakville by linking philanthropic families and organizations with the needs of the local community. Managing the contributions of Oakville's philanthropic donors, the OCF seeks to ensure that funds are utilized in a way that ensures they can have an impact on the local community year after year. Here, one of its key activities is the provision of grant funding to community projects in the Halton Region. In 2016, the OCF approached researchers at Sheridan College for assistance in improving the efficiency and effectiveness of its granting and disbursement processes. Both parties agreed that gains could be made if a more bottom-up, participatory process was adopted—a process in which ideas for projects were developed and informed by funding beneficiaries (users) and charitable agencies (service providers) as opposed to the traditional practice wherein individual charities developed their own proposals *in response to* Requests for Proposals (RFPs) created, selected, and issued by the OCF and its funder holders (donors). The ensuing collaboration and partnership became known as "The Community Ideas Factory" and is the subject of this article.

How does one actually build an RFP process that allows for bottom-up participation while simultaneously being pragmatic and adept enough to account for the interests of disparate stakeholders and the accompanying political realities that are a part of the Halton Region's philanthropic network? This is no easy task and, unfortunately, answers to that question are not immediately clear. The literature on participatory development has shed a great deal of light on the practice and techniques of bottom-up participation in program decision-making. But it has yet to adequately resolve the challenge of genuine downward accountability in a complex, multilayer decision-making environment (how and if practitioners and donors will genuinely cede power to locals) (Bryant, 2015; Chambers, 1994, 1997; Jacobs & Wilford, 2010; Wenar, 2006). The general consensus seems to be that downward accountability, even if it were achievable, would not be an easy, linear, naturally occurring, or non-complicating process (Hira & Parfitt, 2004; Williams, 2004). Moreover, the vast majority of the understandings of "how to do" bottom-up development comes from studies centred squarely on the "development project" or "program aid." While important, these studies offer little in the way of concrete instruction for how to "do participation" in an open-ended, multilayered process such as grant funding.

This article demonstrates the unfolding of the new, participatory RFP process created through the Community Ideas Factory (CIF) initiative. In this new process, users (intended beneficiaries) and service providers (community agencies) utilize participatory tools to develop solutions and recommendations that inform the scope and content of the new RFP. Donors retain control over which recommendations go forward into the RFP (and, ultimately, which of the ensuing submissions will be funded), but their choices are constrained to the range of recommendations brought forwarded by users and service providers. Critics will rightly point out that this process puts us only halfway up the ladder of local participation (Arnstein, 1969) and fails to fully achieve the "empowering intentions" of participatory development, or what Chambers calls the fifth power or the power to empower (see: Green, 2012). Pragmatists will recognize that the new process represents a significant improvement from the traditional way of doing things and serves as a clever compromise between the donors' demand for a dominant role in decision-making and the beneficiaries' right to have control over the process. Moreover, by bringing the voices of users and service providers into the process for the first time, the project has unlocked a whole new series of information, conversations, and relationships that are helping to erode and break down the culture of top-down decision-making that has historically defined philanthropic decision-making in this area. Taken as whole, this article argues that, when it comes to philanthropy, participants are not free to do whatever they want. They are beholden to organizational mandates, the traditional structures of the system, the expectations of donors, and working within the scope of available resources. And yet even here, it is possible to achieve incremental improvements, the long-term benefits of which may not be immediately evident.

The article begins with a theoretical discussion of “participatory development” as it is relevant to our experience. Next, it offers a brief description of the CIF initiative, giving specific attention to its rationale, structure, and vision. Here, it also explains how our work on food security figures into the broader structure of the CIF. Next, it discusses the stages of the new RFP process to show how the findings, ideas, and solutions generated by the intended users and service providers are used to inform and structure donor decision-making. The final section of the article considers the implications of our experience for a more general theory of “participation” in the context of philanthropy. Specifically, our experience shows the need to be realistic in not reifying participation itself. Theoretically, this means adopting a lens that openly considers the complex realities and political obstacles to genuine participation that exist within the game of philanthropy. It also means considering and accounting for the incremental, cumulative, and long-term benefits that may accrue from adopting even limited forms of bottom-up participation where none existed before.

PARTICIPATORY DEVELOPMENT AND ITS CHALLENGES: A POLITICAL ECONOMY VIEW OF PARTICIPATION

Participation has been a dominant theme in the discourse on development for several decades. As one might expect, a variety of different definitions and schools of “participation” have emerged over this time (Oakley, Birtei-Doku, Therlrildsen, Sanders, Harland, Herrera Garibay, & UNIFEM, 1991). These range from those that emphasize the instrumental value of including key sources of information into the project decision-making apparatus (as exemplified in the work of Cohen & Uphoff, 1977) to those that emphasize the social value of empowering people to control their own lives, communities, and futures (explored in the work of Chambers, 1992, 1994, 1997). While most definitions and schools of participation share the view that development will be enhanced if people are actively involved in the processes that affect them, they seem to vary wildly in the extent to which they a) advocate for the involvement and engagement of intended beneficiaries across the stages of developmental decision-making; and b) the value they place on doing so in the first place (as a means to an end, or as an end in itself) (Hira & Parfitt, 2004).

Accompanying this advocacy of participation, in whatever form it may take, has been the rise of a veritable cottage industry of “participatory methodologies.” These methodologies include, but are not limited to, “participatory research” (Green, George, Daniel, Frankish, Herbert, Bowie, & O’Neill, 1995), “participatory action research” (McIntyre, 2008), “action research” (Stringer, 2007), and “community-based participatory research” (Israel, Eng, Schulz, & Parker, 2013; Israel, Schulz, Parker, & Becker, 1998). In the context of project planning throughout the developing world, and now throughout the developed world, the most influential of methodologies has been Participatory Rural Appraisal (PRA). This methodology owes a great deal to the work of Robert Chambers (1992, 1994, 1997) who characterizes it as “a growing family of approaches and methods to enable local people to share, enhance and analyze their knowledge of life and conditions, and to plan, act, monitor and evaluate” (Chambers, 1992, p. 1).

In addition to offering a number of techniques for how to include beneficiaries in decision-making throughout the stages of the project life cycle, PRA emphasizes a number of principles and features. These include the importance of establishing trust with and between stakeholders (Chambers, 1997), the need for providing clearly demarcated and accessible feedback channels (Chambers, 1992, 1997), and the need for highly trained facilitators who will play a role in changing attitudes and counteracting the biases of top-down development (Chambers, 1994, 1997). Moreover, numerous scholars have exemplified the application of PAR tools and the accompanying principles in facilitating the process of self-discovery described by Chambers (see, for example, Sethi and Belliard’s 2009 study of participatory health assessments in Haiti). In merging the *concepts* and *processes* of activist participatory research with the PAR *tools* of participatory development practitioners, Stephen Sethi and Juan Carlos Belliard (2009) further demonstrate the important role of a trained research-practitioner to act as convenor, catalyst, facilitator, and advocate of the assessments, prioritizations, and solutions developed by communities themselves.

Despite its growing popularity, PRA has also received significant criticism. For example, Glyn Williams (2004) suggests that Chambers' expectation that development practitioners and agencies will actually cede their power to local communities is naïve. Moreover, he goes on to suggest that Chambers' explanation of the process through which this might actually occur is only vaguely understood and appreciated. This critique raises several concerns, some of which Chambers shares. Perhaps the greatest concern here is that PRA (and participatory methods more generally) will be embraced only in a tokenistic and perfunctory manner. Here, Robert Leurs (1998) observes that the biggest challenge facing PRA continues to be the hierarchical organizational culture that continues to pervade non-governmental as well as government organizations, regardless of their stated commitments to bottom-up decision-making. Anil Hira and Trevor Parfitt (2004) further observe the common pattern wherein development agencies seem to adopt PRA in name only so that they can claim to be participatory, only to try and institutionalize it as a part of their existing top-down procedures.

These criticisms pave the way for a more nuanced, politicized view of participation, one that openly considers the political obstacles to genuine participation that exist in a project context. Here, Hira and Parfitt (2004) are instructive in suggesting that any attempt at theorizing or practicing participatory development must confront questions about the political economy of participation; namely, who allocates resources, how, and why? As they suggest, in the context of development planning, "there are a mix of actors with power, including the funding agency, the donor agency, and the host government. The need for demonstrable results in line with the values of the funding agency constrains the donor agency and sets up the sick environment of development" (p. 158). Others, such as Judith Tendler (1997), have effectively shown how in reallocating resources and power capabilities, development interventions tend to create both *winners* (individuals incentivized to support the project) and *losers* (individuals incentivized to oppose the project). As Tendler's study of Ceara in Brazil powerfully demonstrates, the success of community development projects seems to *require* that these incentive structures be adequately addressed, planned for, and, where needed, counteracted. Others, such as Tania Murray Li (2002), have shown how local histories and cultural understanding shape local stakeholders' responses to new opportunities for participation. Still others point to the extremely limited leverage, resources, and capacities of impoverished, loosely organized local stakeholder groups to resist the channelled development interventions of highly structured agencies—in whatever form they may take (Logan & Moseley, 2002; Ramachandran & Walz, 2012).

Adopting a more nuanced, politicized view of participation is particularly instructive for understanding our own response to the challenge of building a new, participatory RFP process for philanthropy in Halton. As academics, we are typically afforded the greatest degrees of freedom in our advocacy for, and recommendations about, bottom-up, participatory initiatives. Yet, as a collaborative research project, it is important to recognize that our community partner is far more constrained. Thus, a more nuanced and politicized theoretical lens is better suited to recognizing these constraints, which, in our case, meant that we could not simply turn over all decision-making authority and control for the RFP process to the intended beneficiaries. This was the case for a number of different reasons. First, as an RFP process, our deliverable was a successfully funded project, *which someone else would be applying and agreeing to do*. As such, the involvement of those participants would be key to the process. As is the case with the vast majority of OCF grants, it was expected that the applicants (and, ultimately, the executor) of the grant funding would be one of the many charitable agencies in operation in Halton; and as such, their involvement in the new RFP process was seen to be a priority.

Second, consider that the OCF exists at the leisure of its fund holders and corporate donors. If its fund holders or corporate donors deem the foundation to be under-performing, they may simply withdraw their funds and the foundation will be, essentially, no more. Thus, maintaining effectiveness, efficiency, and a positive relationship with fund holders and corporate donors is paramount for the OCF's survival. It is worthwhile to note that fund holders have been very active participants in the philanthropic process. Quite understandably, many of them expect to continue to have some voice in deciding how, and to what ends, their contributions are being used. For these reasons, it was felt that the new RFP process had to include a mechanism for continued fund holder involvement in decision-making, such that they could be assured that their contributions were being used in a way that aligned with their values and delivered results that they believe are worthwhile.

In short, the emerging body of literature that seeks to define the parameters of a more nuanced, politicized understanding of the dynamic processes and outcomes of the participatory process is particularly instructive in explaining our own experience in this project. This understanding helps us move away from a more abstract understanding of participation by calling attention to how "participation" works within local contexts, prerogatives, power and incentive structures, as well as organizational mandates. In doing so, our own experience, discussed below, seems to reaffirm Chambers' (1994) observation that participatory development is indeed a messy, dynamic, and non-linear process in which practitioners must be creative and flexible in their approaches by experimenting and innovating as they go along, with the dictum: "use your own best judgement at all times" (p. 116).

BACKGROUND AND OVERVIEW OF THE COMMUNITY IDEAS FACTORY

The OCF is one of the largest community foundations (CFs) in Canada. As a CF, it is tasked with managing and disbursing donor contributions for philanthropic projects in the Town of Oakville. In the spring of 2015, the OCF approached a team of researchers from Sheridan College to help develop and facilitate a series of creative problem-solving (CPS) workshops that would engage community stakeholders in a "Community Conversations" event, a discussion of the key issues to be addressed and included in the OCF's 2015 *Vital Signs* report (Oakville Community Foundation, 2015). In this effort, Sheridan College hosted several CPS workshops for over 20 community agencies in the summer of 2015. The results of these sessions were included in the OCF's 2015 *Vital Signs* report and, specifically, were used to identify the most significant issues affecting quality of life in the Oakville community. Among the key target areas identified for action in the report were access to affordable housing, food security, employment equity, and wrap-around support services.

Success in this initial collaboration sparked new conversations between the Sheridan team and the OCF about how to advance progress on those issues. Both parties agreed that advances could be made by improving the efficiency and effectiveness of the application and disbursement process for allocating funds in the Halton Region. Specifically, it was agreed that gains could be made with the adoption of a more broad-based, participatory, and collectivist approach to the funding process. Here, the move toward "participation" was initially embraced for its instrumental value, including a) better alignment of strategic funding priorities of the RFPs with the needs and priorities identified by front-line clients and service providers; b) a reduction in proposal duplication and inter-agency competition in funding competitions; and c) improved inter-agency coordination, collaboration, and resource-sharing in proposal development and new-program planning. Beyond its instrumental value, the team also recognized the capacity of "participatory approaches" to increase the independence, awareness, and capacity of marginalized populations accessing the services.

These conversations materialized in the concept of the "Community Ideas Factory," an initiative that would leverage Sheridan's research and creativity expertise, its creative spaces, and its creativity resources in supporting the OCF's efforts to implement a participatory decision-making approach with a view toward the creation of new, fundable projects that align with and advance work on key vital signs issues. And so, while we have often championed CPS as a means for unlocking novel solutions, in this project, we tended to embrace CPS as a means for incorporating the knowledge and opinions of marginalized people in the planning of initiatives that affect them (for a further conversation of how CPS fits within participatory frameworks, see World Food Programme, 2001). In March 2016, the project received funding from the Social Sciences and Humanities Research Council (SSHRC). Over the course of the project's two-year life cycle, it was agreed that participatory approaches would be utilized in order to build new "program concepts" that would address key vital signs issue areas, namely and in order: affordable housing, food security, employment equity, and wrap-around programming. This article focuses exclusively on the findings from our work on food security. Findings from our work on the other three vital signs issue areas are discussed elsewhere (see Cumming & McNamara, 2017; Cumming, Pulis, & McNamara, 2018; McNamara & Cumming, 2018).

The new RFP process built by the project team reflects a need for the involvement and participation of different stakeholder groups at varying stages in the process. In stage one, Discovery, the researchers wrote extensive literature reviews. These reviews encompassed current academic findings, studies from the government, and research released by not-for-profits, as well as providing discussion of best-practices, nationally as well as internationally. Additionally, participatory mapping exercises were conducted with local users of community services in order to identify the challenges, opportunities, and potential in the given sector. In stage two, Problem-Solving, front-line service workers were invited to participate in a series of CPS workshops in order to develop and refine many of the ideas generated through the Discovery stage. In stage three, the Think-In, the researchers presented and discussed the findings from Discovery and Problem-Solving stages with the fund holders. In stage four, the BeCause RFP, fund holders voted on the recommendations brought forward during the Think-In, and the OCF developed and issued a new RFP. In stage five, the Philanthropitch, applicants to the RFP were invited to pitch and discuss their submissions with the fund holders and project team. Thereafter, through a process of online voting by the fund holders, funding awards were made.

Embraced, branded, and presented to stakeholders on the merits of its instrumental value, this new RFP process in no way approximates the degree of beneficiary ownership over all levels of project decision-making as advocated by Chambers (1997). However, it does account for the unique political realities that define our environment. Moreover, it represents a significant improvement on the previous system, which featured little to no input from the front lines. Below, the article outlines how we used this process to generate a new RFP and, ultimately, a successfully funded project to support food security in Halton Region.

THE NEW RFP PROCESS IN ACTION: FOOD SECURITY

In January 2017, the Community Ideas Factory began its work on the OCF's vital signs issue of addressing, supporting, and improving access to food security.

Stage one: Discovery

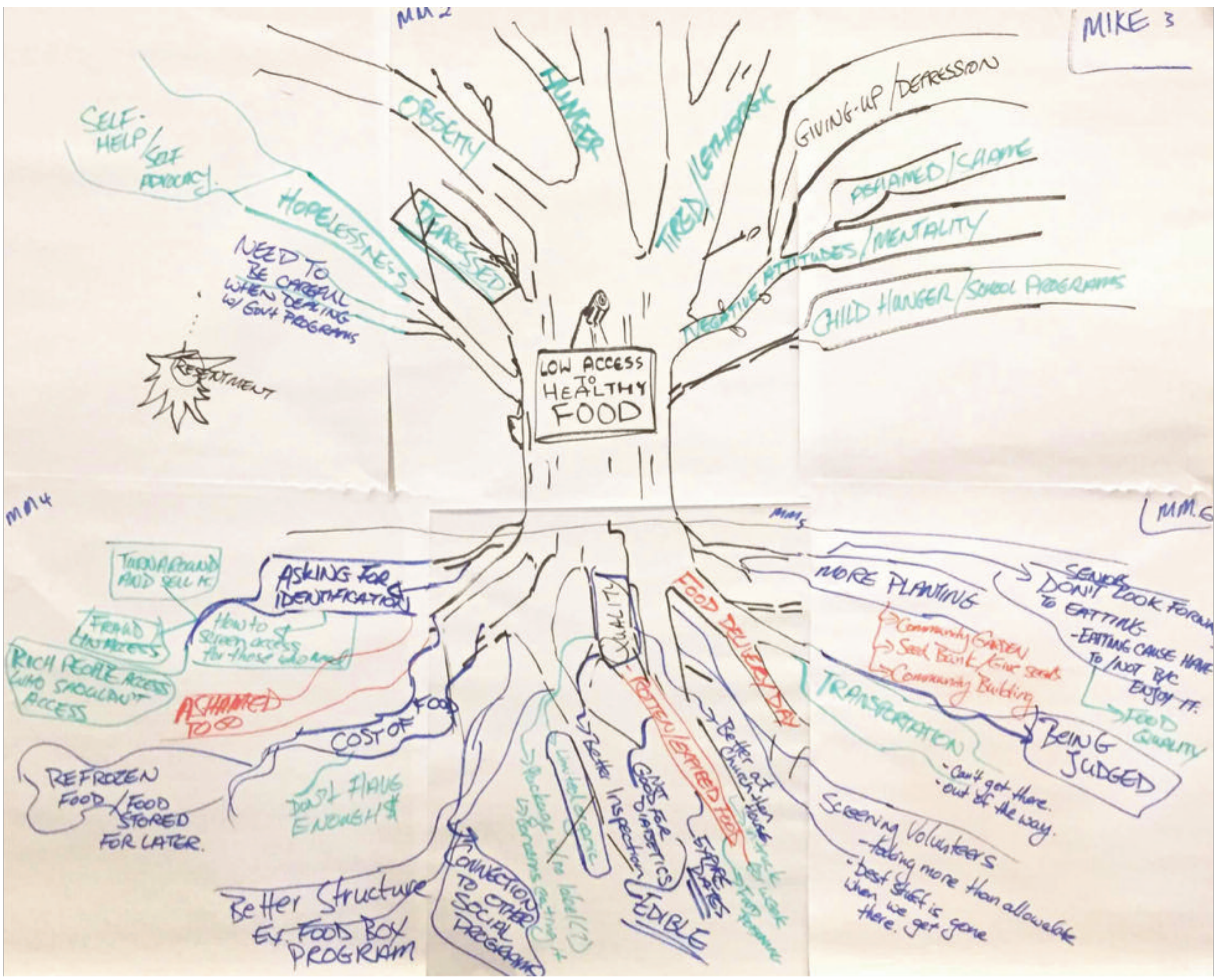
Following an extensive review of the literature on food security in Canada, the research team conducted a series of participatory data collection activities with people who access food services in the region. The overarching purpose of these activities was exploratory and descriptive: to draw on a combination of formal research and direct empirical realities to garner a deeper understanding of the nature of the problem (in terms of related service barriers and gaps) and to generate a collaborative list of ideal programming characteristics to be considered by funders, policymakers, and programmers. Data collection was conducted with food bank users (neighbours) held at the Oakville Neighbourhood Centre on February 22, 2017. The number of neighbours participating in activities fluctuated between 35 to 48 participants. Some participants came for lunch but left before the activities were fully underway; others came part way through the activities, after stopping at their normal food program or once their children were in programs for the afternoon. In total, data was collected from 36 neighbours.

PRA techniques: Cause-effect mapping

Cause-effect mapping is central to many forms of project planning among development agencies. A PRA tool for cause-effect mapping, known as "problem-tree mapping" (World Food Programme, 2001), was used to help the group find solutions by mapping out the anatomy of cause and effect around the issue of "low access to quality food." This methodology allowed us to break down the problem of food access into definable themes and to better understand the interconnected and even contradictory causes of participants' challenges in accessing quality food. In this exercise, the problem of "low access to quality food" was written in the centre of the flip chart and, as the focal problem, became the "trunk" of the tree. Next, the group identified the causes of the focal problem (the roots). Also, the group identified the consequences, which become the branches. These causes and consequences were created by the group through the discussion. Of greatest interest in this exercise was the discussion, debate, and dialogue that was generated by participants as they arranged factors and formed subdividing roots and branches, all of which helped us better define the nature of the problems neighbours confront in accessing quality food.

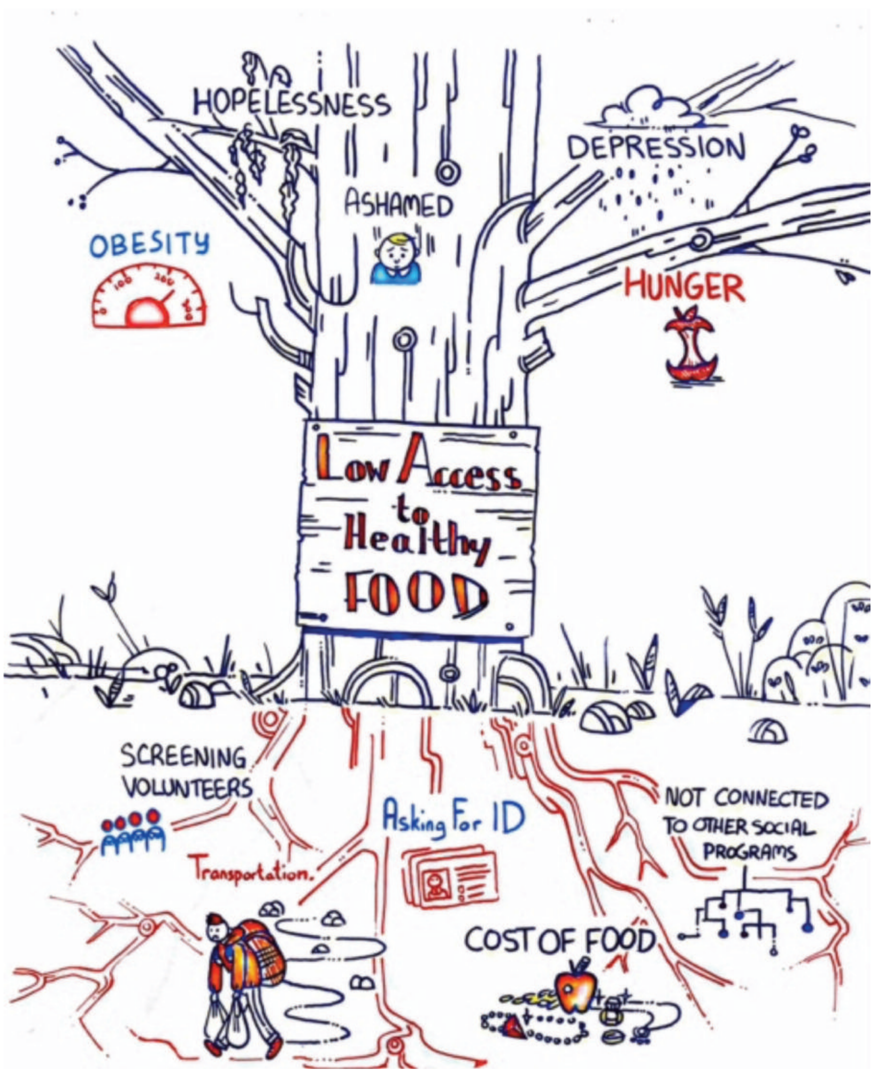
Problem-tree mapping facilitated nuanced discussions and accompanying visual depictions (see Figure 1) that helped neighbours, artists, and facilitators define and articulate the nature of the problem vis-à-vis its interconnected and even contradictory causes and consequences. Together, these discussions pointed to four main barriers to accessing healthy food in Halton and five main consequences of these barriers. These identified sets of factors correspond with findings from the literature review.

Figure 1: Problem-Tree Group One



The four main causes of low access to healthy food identified by neighbours were: 1) the lack of financial means (see Figure 2); 2) challenges and obstacles navigating access to food services; 3) the lack of quality, quantity, and variety of foods available at food banks; and 4) experiences of stigmatization when accessing food services. The first of these—an inability to afford required foods because of income levels—was the most often-cited barrier to food security. Other noted access-related barriers included not knowing the location of local food banks, not having transportation to get to food banks or other food services, and not being able (or wanting) to access food banks when proof of food insecurity is required and/or discrimination and stigmatization for needing to access them is experienced. At the same time as many participants expressed gratitude that food programs exist in Halton (and more broadly), they also had notable concerns about both the quantity, quality, and variety of foods offered, as well as the humiliation they felt because of their need to access these services to provide basic nutrition for their families. In the former case, neighbours' most common concern was in relation to a general absence in local food banks of healthy foods that also meet varying health and cultural needs (e.g., diabetes, gluten allergies, veganism, halal requirements) and/or that are "kid friendly" (i.e., neighbours with young children asserted a desperate need for baby formula and baby food). In relation to feeling stigmatized, neighbours noted that not only did they feel general shame for having to rely on food banks, they also felt incredibly judged by other food bank users and volunteer staff when accessing these and related services (see Figure 2).

Figure 2: Problem-Tree Group Two



Of course, barriers to accessing healthy food in Halton have real consequences. Six such themes emerged: low physical health; low mental health; low emotional health; financial crisis; feelings of isolation; and generational issues. The former three of these themes are interrelated and somewhat difficult to pull apart. Nevertheless, from neighbours' experiential knowledges, the research team identified separate aspects of these components of overall health and well-being. For example, most neighbours noted a deterioration in their physical health (e.g., strength) due to being chronically hungry and/or skipping meals to ensure that their children ate. Participants also related numerous negative effects being chronically hungry and/or concerned about potential hunger had on mental aspects of their health: feelings of hopelessness, depression, lethargy, stress, and anxiety, for example. Given these experiences, it is not surprising that many participants also noted significant deteriorations in their emotional well-being. Within this thematic grouping, senior neighbours articulated that they never imagined that after working and paying taxes for most of their lives they would end up in a situation where they needed to rely "on handouts," and those with children said they felt great shame and embarrassment for their perceived personal inability to provide adequate nutrition for their families.

The latter three consequences of neighbours' low access to healthy food also are interrelated. For example, some participants spoke about financial consequences, such as being so hungry that they felt they had to make the decision to forgo paying bills (e.g., hydro and/or rent) so that they could purchase food instead, while other people suggested that their hunger-related inabilities to concentrate resulted in them losing their employment. Building on this theme, some participants stated that a continual inability to provide food for their children resulted in them moving in with and/or relying on family members for food and money. In some cases, this necessity resulted in family breakdowns and thus isolation—an issue that is exacerbated by a general inability to socialize outside of the home due to a lack of necessary finances. Finally, participants who had children expressed not only shame and embarrassment about their inability to independently provide adequate nutrition for their families but also fear about reproducing poverty and related stigmatization in their children's lives. They articulated this by reasoning that children who lack nutritious food are unable to concentrate at school and that even those children who are lucky enough to attend a school with a child-hunger program are stigmatized for accessing such services. The participants noted that their children often exhibited behavioural problems at school, which they felt certain was directly related to their lack of nutrition and subsistence.

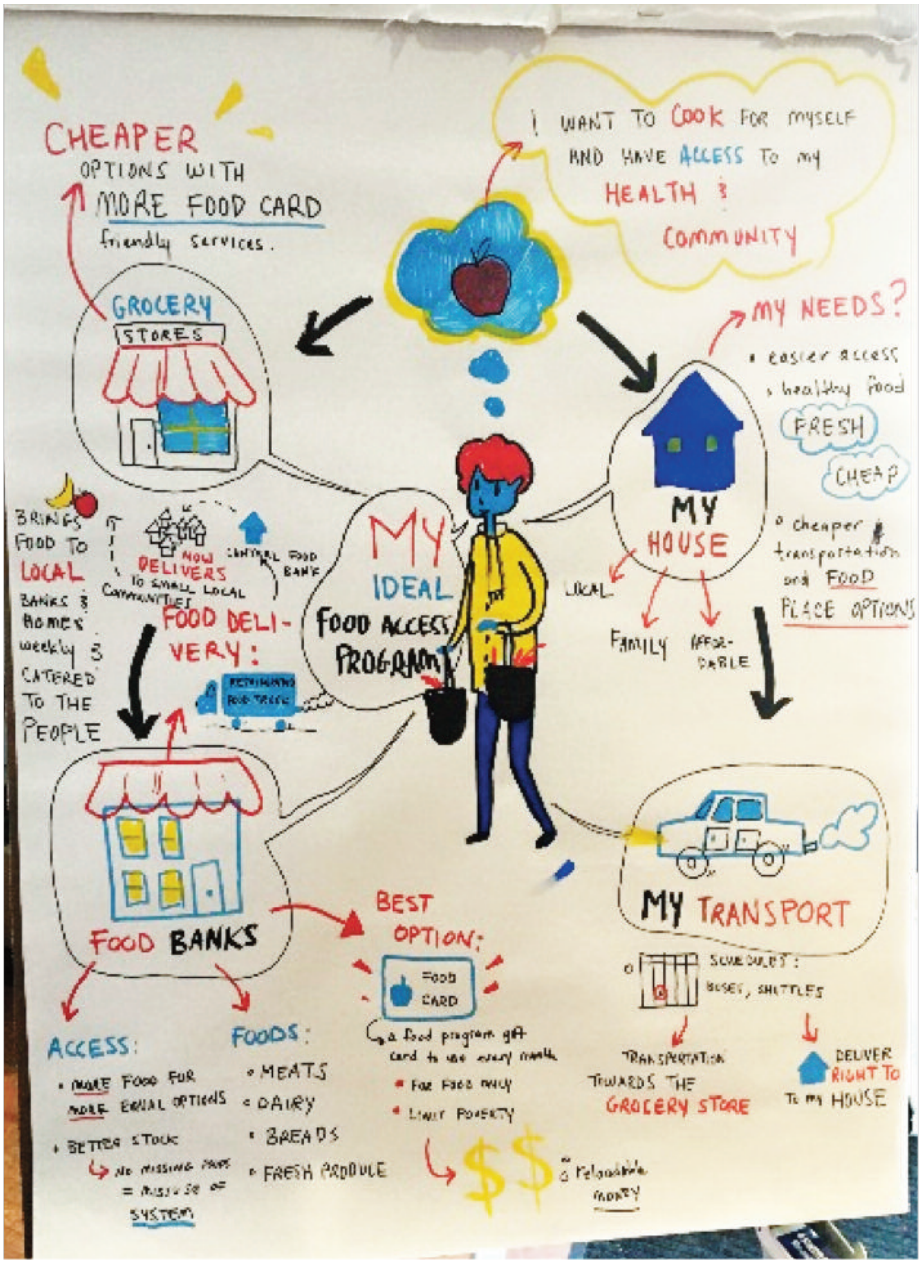
The findings from the problem-tree mapping exercises corroborated much of what was found in the literature on food security in Canada. For example, a Toronto-based report on food bank usage conducted by Rachel Loopstra and Valerie Tarasuk (2012) found that almost all families that accessed food banks communicated concern about being able to meet their food needs or not being able to do so.[1] For instance, 22 percent of families felt that their food needs were unmatched with what was provided at food banks in terms of nutrition (e.g., a lack of availability of fresh fruits and vegetables) and/or necessary dietary and/or cultural restrictions (e.g., halal). Specifically, these families described receiving rotten produce, "junk food," foods past their best before dates, and/or only canned foods. Moreover, many people expressed the feeling that this generally poor quality of foods made accessing food banks not worthwhile.

A meta-analysis of research on food bank systems across different countries, including Canada, by Chantelle Bazerghi, Fiona McKay, and Matthew Dunn (2016) supports these findings. This research corroborates our own findings in pointing out that people who access food banks want a greater range of foods, particularly more fruits and vegetables, dairy, and meats. At the same time as these researchers highlight a desire among recent immigrants who access food banks for more culturally appropriate foods, they also point to a more general desire among people who access food banks for greater consistency across food items and quantities, especially for staple items and age- and health-related "special-needs food" (e.g., nutrient-rich foods to support children's cognitive development and ability to learn).

PRA technique: Mind mapping

Following the cause-effect mapping exercise, group facilitators and illustrators captured participants' informed contributions, this time as a mind map: a graphic technique particularly appropriate for working with groups to generate ideas around a single concept or theme, which in this case was ideas for making your food program better (see Figure 3).

Figure 3: Mind map



Artists wrote this phrase and wrapped it in an image in the centre of another blank flip-chart page. Next, the teams worked to brainstorm associated representations (e.g., images, phrases, words), which were added and layered around the central phrase. To sustain the group discussions until thematic saturation, facilitators asked probing questions such as: "what kinds of food," "where would it be located," and "how do you access the program?" while artists connected major ideas directly to the central concept and branched the others out from those.

The six thematic areas that emerged from this mind-mapping activity about ideal food programming in Halton are very reminiscent of those outlined by Janine De la Salle and Jamie Unwin (2016). The first centres around the intake process. Despite some noted concerns that some people access food banks when they do not need them, neighbours maintained that, in an ideal food program, people would automatically be given access to food services and programs without any burden of proof of poverty. Second, every participant imagined food programs that include community-based cooking and nutritional classes. In relation to this programming theme, some groups underlined the importance of instituting community gardens, where neighbours can actively participate in growing their own food. In addition, neighbours suggested collective canning events and batch cooking, where they could swap meals with others. Other groups suggested the possibility of offering weekly community dinners to not only provide food but also to help alleviate some of the social isolation many neighbours experience. Perhaps one of the most unexpected programming ideas—and yet one also brought forward by every group of participants—was to introduce a policy that requires individuals who work in the food security sector (either for pay or as volunteers) to go through mandatory preparatory sensitivity training to help decrease the shame and stigmatization neighbours experience.

Building on this point, participants, overall, recognized that food programs centralized to more accessible locations (for example, on the main floor of a community housing complex) are ideal because food is delivered directly or in close proximity to where neighbours themselves reside. This prevents the difficulties some residents experience having to make their way to and from and in search of food service programs. The most common suggestion to emerge was a theme related to the transportation of food delivery services, especially for elderly neighbours, lone parents with young children, and/or people with any type of disability.

Given the tendency for people to express concern about the quality and types of food available in food banks (Bazerghi, McKay, & Dunn, 2016; Loopstra & Tarasuk, 2012), it is not surprising that neighbours' ideal food programs would have fewer foods that are low in nutrients and high in sugars and starches. They also would have better strategies for ensuring well-labelled foods and foods that meet a wider array of cultural and dietary needs and restrictions. Also, on a related but somewhat divergent point, neighbours' ideal food programs would be advertised using a wider array of communication strategies (e.g., not only posters throughout the region but also weekly email updates, phone calls, and door-to-door advertising) so that even people without phone and/or internet amenities could learn about the services.

Within this same communication strategy theme, participants suggested that social assistance offices, employment support offices, subsidized and cooperative housing units, and apartment buildings and houses in known low-income areas make widely available pamphlets that list food programs and services offered in the region (including hours of operation and intake requirement details). Also, they noted that it would be ideal if program administrators and boards of directors worked to build communication bridges between executives and neighbours both to help reduce the latter's experiences of being stigmatized and, thus, to make accessing local food services a more pleasant experience. Clearly, these points mirror research findings that the people most likely to access food programs also often require the support of other governmental and/or charitable services. As a result, neighbours reasoned that an ideal food program would be offered in a central location, in a building that shared—and connected—food services and programs with other essential wrap-around programs and services.

Stage 2: Problem-Solving

In April 2018, the Community Ideas Factory hosted a six-hour CPS workshop on food security at Sheridan College. In total, 37 people representing 27 organizations (not-for-profits, public, and private) participated in the CPS workshop. Participants were seated at six different tables, with each group assigned its own CPS facilitator from Sheridan College.

Figure 4: Idea menu

Creative Ideas Factory Feature Items

For April 4th, 2017

Today's fare features some of the finest social innovations in food programming from across North America, complimented by an assortment of uniquely local contributions. Your facilitator will be more than happy to help you and your group with your selection.

<u>**Food Distribution to Members & Partner Agencies**</u>

- **How might we improve social innovation by combining food distribution with food skills?** Observed innovation in this area includes recipe cards, food demos and tastings, labelling repackaged food with specific ingredients
- **In what ways might we create a more innovative, low barrier intake systems?**
- **How might improve social innovation by utilizing non-traditional distribution points?** Identifying where the people in need are and what types of foods would be beneficial to distribute from that location. Ex., Feeding America is increasing food distribution at hospitals, clinics, schools, and colleges

<u>**Data Collection & Metrics**</u>

- **In what ways might we develop more innovative information sharing mechanisms?** For example, innovations in performance benchmarking dashboards have helped food banks to identify, connect, and learn from other food banks in the network.

<u>**Partnerships**</u>

- **In what ways might we improve social innovation by linking to other social service providers?** Food banks are connecting food bank members with other services such as dental, legal, pensions, newcomer programs, accounting, haircuts, and employment opportunities.

<u>**Programming & Member Engagement**</u>

- **In what ways might we improve social innovation by linking programs to employment and economic development?** Examples of innovation in this area include linking food distribution with employment skills/opportunities and supporting food security through local economic development programs
- **How might we improve social innovation by Increasing food literacy and food skills for all?** Examples of innovations in this space include food skill courses; including how to preserve food, prepare healthy affordable meals, or read food labels.
- **How might we improve social innovation by integrating community gardens?** Community garden spaces are providing opportunities for multiple programs and are being used by food banks in providing food literacy, food production skills, farmer training programs, gathering and community spaces, and fresh produce for programs.

<u>**Community & Donor, Education & Engagement**</u>

- **How might we improve innovation in community/donor education and engagement?** Tours and volunteer events can be used to explain root causes of food insecurity, why 'traditional' food banking is not working, and how new strategies can support the reduction of need for emergency food services.

<u>**Food Purchasing**</u>

- **How might we improve social innovation by building relationships with local farmers and farm associations?** Many food banks are creating new direct purchasing relationships with local producers to increase the quality of food being distributed.
- **How might we improve social innovation by growing food for programs?** The Saskatoon Food Bank produced 20,000 pounds of food for distribution. These gardens can have many educational programs in addition to production for distribution.

<u>**Communications**</u>

- **How might improve social innovation by leveraging social media to communicate to and engage with our members/neighbours?**

CPS is an overarching approach to developing interventions that includes at least 172 techniques and instructional creativity enhancement methods used to develop people's creative thinking skills and creative achievement (Smith, 1998). Over the years, general consensus has emerged within the field that the Osborn-Parnes CPS program yields high and consistent returns in terms of outcomes judged to be novel and useful (Rose & Lin, 1984; Scott, Leritz, & Mumford, 2004; Torrance, 1972). The hallmark of this program, which was developed in 1953, is the dynamic balance of divergent thinking (i.e., a broad search for many diverse and novel alternatives) and convergent thinking (i.e., a focused and affirmative evaluation of novel alternatives), which are both applied across seven discrete phases of a problem-solving process: orientation, preparation, analysis, hypothesis, incubation, synthesis, and verification.

Over the years, through research and further application, the Osborn-Parnes model has evolved significantly. For example, the Thinking Skills Model developed by Gerard Puccio, Marie Mance, and Mary Murdock (2007) at the International Center for Studies in Creativity at SUNY Buffalo State University revises the Osborne-Parnes model to includes three conceptual stages, six explicit process steps (each with a repetition of divergence and convergence), and one executive step at the heart of the mode (see also, Puccio, Mance, Barbero Switalski, & Reali, 2012).

In the current context, a modified CPS approach based on the Thinking Skills Model was used to guide stakeholders through a thinking process characterized by problem selection and definition (developing an enhanced understanding of complex problems); idea generation (generating ideas through a structured, participatory approach); solution generation (comparing, evaluating, and developing solutions using an affirmative and inclusive approach); and implementation plan-

Figure 5: Selected and revised challenge statements from the groups

Selected/Revised Challenge Statements

- Group 1: In what ways might we create a more innovative, low barrier intake system?
- Group 2: How might we improve social innovation by increasing food literacy and food skills for all?
- Group 3: In what ways might we improve social innovation by linking programs to other services?
- Group 4: In what ways might we improve social innovation by linking programs to employment and economic development?
- Group 5: In what ways might we improve social innovation by linking to other social services?
- Group 6: How might we improve social innovation by utilizing non-traditional distribution points?

ning (collectively developing a strategy for implementing solutions). The problem selection stage built on the findings from the literature review, problem-tree analysis, and mind-mapping exercises and created a "challenge statement menu" in order to help groups frame and align the focus of the CPS session around the key issues and opportunities identified. The "program menu" for our event (called "Creative Ideas Factory Feature Items") featured 12 challenge statements that flowed directly from the literature and research. These challenge statements were framed as opportunities for social innovation in food programming (see Figure 4).

After reviewing each of the challenge statements, participants were invited to engage in a process of "dot voting"; wherein participants were asked to affix three sticky dots on the challenge statements they felt were the most important (or promising) and could be addressed by the group. At the conclusion of the dot-voting exercise, groups were invited (collectively) to discuss results and select (or revise) a challenge statement to be pursued for their CPS workshop session (see Figure 5).

The selected and revised challenge statements served as the foundation for the ideation stage of the workshop. During this phase, participants were asked to respond to their chosen challenge statement, which was stated in open-ended language, using the hallmarks of the Osborn-Parnes CPS program: divergent thinking and convergent thinking (Rose & Lin, 1984; Scott et al., 2004; Torrance, 1972). To achieve the former, groups were guided through a "stick-em up" brainstorming activity that encouraged them to generate as many responses to their challenge statement as possible, while also suspending evaluative judgement so as to continuously build upon and embrace one another's seemingly wild and/or unusual ideas. These principles were encouraged with a view toward fostering maximum group participation and diversity, novelty, and creative expression. Once a sufficiently diverse set of options, ideas, and possibilities was generated, groups were guided through a convergent thinking exercise that involved both dot-voting and idea clustering to facilitate idea vetting, evaluation, and selection discussions that prioritized novelty and affirmative judgements when deciding on viable solutions for further development and stating these as "solution statements" (e.g., what I see us doing is …) that best expressed their chosen alternatives. This exercise is depicted in Figure 6.

Figure 6: Picture from creative problem-solving

The third phase of the CPS workshop involved the development and refinement of the chosen solutions into more robust, concrete social innovations that could then be framed as fundable solutions to food insecurity in Halton. Here, the team of facilitators helped groups negotiate a variety of tools to evaluate the components, resources, and limitations of the chosen alternative. First they encouraged groups to articulate how their chosen solution would actually work by explaining five to seven key features of their social innovation. Then they engaged in a stakeholder analysis activity to identify the key actors and their roles and expected contributions, as well as any anticipated challenges involved in the execution of this targeted solution. The workshop ended with participants being given 25 minutes to develop a two-minute pitch for their group's targeted—and fundable—solution to food insecurity in Halton.

The two-minute pitch portion resulted in six different innovations. The innovations focused on improving intake systems, the distribution of food, food literacy, and community partnerships. "Mission Nutrition: Building Access to Healthy Food" and "Path to Plate" were presented as solutions to existing issues within the present intake system. Currently, most of the organizations in Halton require their own eligibility testing prior to access, different personal identification, and have varying limits on the amount of times a family can access food within a month. Both innovations included a common intake system wherein users build specific profiles and become registered within a common, online system (possibly managed by the region).

The "Mobile Hub" and "S.P.A.C.E Hub" were two different innovations that addressed access to food programs. These creative programs both offered non-traditional distribution points for those who have difficulty accessing services, while also recognizing that those facing food security challenges are also often confronted with a host of other issues that need servicing simultaneously. The Mobile Hub is a mobile service unit in the community that provides access to services such as food, mental health, and professional supports in response to community needs. As a service vehicle, the Mobile Hub would have the capacity to travel throughout the community and feature breakout stations (tents/tables) to enable service offerings, user registration, and donations intake. The S.P.A.C.E Hub is an integrated neighbourhood hub to address these same needs. The core of this innovation is a re-centring and re-grounding of philanthropic service provision (e.g., food programming, coupled with other social service offerings) at the level of individual community satellites, which are linked together through a centralized hub/base. The community satellites could be centred in schools or other local buildings, mobile units, or virtual sites and would feature service and resource offerings that are fluid and adaptable to local community needs and assets, but are also linked together through the centralized hub in order to coordinate action and intake processes.

"Interconnected Centre for Careers in Food and Farming" aims to create a space and infrastructure to provide food members (and others in the community) with an opportunity to develop the skills necessary for careers in the food sector for our neighbours in need. The innovation is to provide a site and program that teaches food skills to members of the community, including food safety, handling, growing/farming, and business development. This innovation provides unique opportunities for industry collaboration in skills training and food provision and has the potential to develop into a social enterprise.

The final innovation, "Sponsor a Family Program for Food Security," focuses on community involvement in helping to care for the less fortunate members in Halton. The goal of this social innovation is to improve access to healthy food for food programming users through matching donor families with service providers in order to provide specific meals (and other services as appropriate) for food programming members. Similar to the many programs in the Halton Region geared to sponsoring a family for Christmas, the innovation would leverage the generous donations of community members—those willing and able to donate prepared meals for food program users. Sponsor and recipient families could be matched directly or the service agencies could serve as the go-between. It was widely held that the innovation could greatly enhance wider community investment and involvement in neighbour food recovery.

Stage three: The Think-In

Researchers brought an analysis and report on the findings and recommendations generated in the Discovery and Problem-Solving stages to OCF fund holders (donors) in November 2017, in a meeting called the Think-In. Here, the findings from two of the four pillars (namely, affordable housing and food security) were presented and discussed. The three-hour Think-In meeting was divided in half, with an hour and a half allotted to discussing each pillar. For each pillar, the discussion was structured as follows: a) the researchers presented a summary of the findings from the Discovery stage; b) the researchers presented the social innovations developed in the Problem-Solving stage; c) the researchers presented the emergent themes from their cross-sectional analysis of the literature review, Discovery stage, and Problem-Solving stage; and d) an open discussion of the emergent recommendations.

In the food security discussion, a summary of the results was reported. Additionally, the researchers highlighted three emergent themes that appear to be consistent across the literature and the findings from both the Discovery and Problem-Solving stages. These are: a) the need for enhancing food transportation and distribution systems in Halton, including novel adaptations and enhancements that help get food to low-income, high-density communities; b) the need for more creative food literacy programs that empower informed, collective choices and appreciate the impact of food choice on finances, health, community, and the local environment; and c) the need for a centralized and streamlined intake system for users and agencies alike that improves the flow and coordination of information and service provision between users and service providers.

Stage four: The BeCause RFP

The discussions from the Think-In gave rise to the production and issuing of two RFPs by the OCF in January 2018. The strategic priorities for the new RFPs were decided upon by fund holders, but they directly aligned with the emergent themes, findings, and recommendations discussed and refined during the Think-In. In the area of affordable housing, the new RFP called for submissions for emergency shelters and alternative housing solutions (two of the four emergent themes identified). In food security, the new RFP was positioned more broadly around granting priorities for projects that would advance work on common intake systems, alternative food distribution networks, and/or food literacy programs. Proposals were eligible for single-year or multi-year support.

Stage five: The Philanthropitch

On Tuesday, April 17, the authors of five short-listed proposals (derived from both RFPs) presented their submissions to the fund holders and other community members (including the CIF research team) during the OCF's first-ever "Philanthropitch" event (see Figure 7).

Figure 7: The Philanthropitch Event

Following each presentation, fund holders were invited to ask questions and seek clarification from applicants. Following the event, fund holders and the OCF deliberated. In late May 2018, the approval of three projects (two in affordable housing and one in food security) totalling over $257,000 in community granting was announced. The approved projects were as follows:

In housing:

- *Alternative Housing for Halton*: A feasibility study of new low-rent housing units put forward as joint submission between Affordable Housing Halton, Kerr Street Mission, Halton Housing Alliance, Home Suite Hope, Community Living Burlington, and Housing Alternatives New Directions.
- *Community Resilience Hubs*: A proposal for new community outreach hubs put forward by the Faith & Common Good (Centre for Social Innovation), the Halton Environmental Network, and the Town of Oakville.

In food security:

- *The Margaret Garden Community Project*: A feasibility study for a new community site featuring a community kitchen with food literacy programs and with limited capabilities for emergency shelters. Home Suite Hope, Kerr Street Mission, and Design Quorum Inc put forward this proposal.

DISCUSSION

As researchers and active participants in this process, we learned a number of important lessons about participatory change initiatives in the context of philanthropy. First, we learned that bottom-up participation is not an easy business. Here, we are perhaps our own sharpest critics. In reflecting upon the final process for the new RFP, we recognize that, to a significant extent, the final process does not cede decision-making power to local communities. This echoes a critique of PRA by Williams (2004) that it would be naïve to think that it would do so. Moreover, critics might rightly point out that bottom-up participation has been embraced here in a rather perfunctory manner and that a hierarchical organizational culture that privileges the voices of donors continues to pervade the process (Leurs, 1998). Additionally, in several areas, we might have done a much better job incorporating the principles of participatory development, including, but not limited to, the inclusion of more prominent and sustainable feedback mechanisms as well as design features to support the ongoing maintenance of trust with our users. By our own admission, we were, at times, overwhelmed by the administrative challenges of building stronger mechanisms and maintaining the necessary relationships with the large and disparate groups of individuals who engaged with the process across its multiple stages.

Second, our experience demonstrates that participatory outcomes are very often the product of the negotiated struggles, competing interests, and organizational constraints that operate within complex environments such as philanthropic networks. While we, as academics and researchers, may be free to advocate and pursue whatever form of project we think is best, our community partners are not. This insight lends credence to the utility of the theory of the political economy of participation, which openly recognizes the containing role of interest, mandates, agendas, and power capabilities in determining the outcomes of participatory change initiatives. Quite clearly, the form and content of the final RFP process reflects a number of these realities. First, the organizational and financing structure of the OCF (and community foundations across Canada) means that fund holders (donors) have a place of prominence in decision-making. Here, the leadership at the OCF built a compelling case for fund holders to embrace a more participatory approach in the RFP process, but that case was *necessarily* built around the *instrumental* value of appealing to donors (i.e., bottom-up information and evidenced-based decision-making will lead to a more effective and strategic use of donations). Moreover, given that the long-term sustainability of the new process is dependent upon the buy-in and support of fund holders, the leadership at the OCF actively and positively incentivized fund holders by including them in the decision-making process—albeit only at the later stages and within the recommendations brought forward from the front lines. This manoeuvre, reminiscent of strategies discussed by Tendler (1997), was both creative and necessary for the long-term sustainability of the system.

Only, as Hira and Parfitt (2004) suggested, when we openly recognize the mix of actors, interests, and power capabilities within an environment can we truly explain why and how participatory change initiatives end up looking the way they do. Third, against our own self-criticism, we should resist seeing this project as a failure. There are several notable, if incremental, achievements of the undertaking. First, and perhaps most significantly, this is the first time that users and service providers have been granted the opportunity to shape the scope and agenda of community granting in Halton. Here, the initiatives that were awarded funding through the RFP process speak directly to the challenges identified by users, as well as to the solutions developed by service providers. In this sense, the OCF has made significant strides toward ensuring its community granting is evidenced-based and aligned with the needs of local beneficiaries. Moreover, by bringing the voices of users and service providers into the process, the project is beginning to unlock a whole new series of conversations and relationships that can help erode and break down the culture of top-down decision-making that has historically defined philanthropy in our area. For example, several fund holders, impressed by the Think-In conversations, are now entertaining the prospects of an ongoing meet-and-greet with users in the interests of building relationships and understanding between previously disparate stakeholder groups.

The project also yielded tremendous informational gains garnered through the participatory exercises. Here, the PRA exercises yielded a rich and complex picture of the experience of food bank users. For example, the cause-effect mapping in the problem trees gave us a much more nuanced and complex understanding of the users' concerns about stigmatization and the challenges they face in navigating the current system. The mind-mapping exercises again highlighted users' challenges with stigmatization and program intake, while pointing to new program opportunities for combining food programs with other programs and/or sites (e.g., offering food services and food literacy programs at low-income housing sites). Beyond the story they tell, these data visualizations present complex information in a manner that is compelling, accessible, interpretable, and marketable for stakeholders in the business of philanthropy (e.g., the OCF, service providers, and donors).

CONCLUSION

The Community Ideas Factory achieved its objective of developing solutions to the challenges identified in the vital signs research. In doing so, it has also provided a new granting process that allows intended beneficiaries, service providers, and fund holders to be engaged, in varying ways, in selecting the priorities, and stewarding the OCF's granting dollars. This experience reveals the outcome of participatory change initiatives to be a product of complex negotiations, which are best appreciated and understood through a political economy approach to participation. Moreover, the experience also reveals that, even where participatory initiatives fall short of empowerment, they may still yield incremental gains, the value of which may not be immediately evident.

NOTE

1. Thirty percent of families were identified as severely food insecure, 32 percent were moderately food insecure, and 13 percent were marginally food insecure. This study also reported that an overwhelming 91 percent of families indicated they would have needed to spend more money to meet the needs of their household compared to the previous month at the time of the interview (Loopstra & Tarasuk, 2012).

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Kerr Street Mission, www.kerrstreet.com
Halton Housing Alliance, www.affordablehousinghalton.ca/alliance
Home Suite Hope, www.homesuitehope.org
Community Living Burlington, www.clburlington.ca

Housing Alternatives New Directions, https://clnh.on.ca/h-a-n-d-housing-alternatives-network-directive
The Faith & Common Good, Centre for Social Innovation, www.faithcommongood.org/halton_peel.org
Halton Environmental Network, www.haltonenvironet.ca
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The Competitive Edge of Credit Unions in Costa Rica: From Financial Repression to the Risks of a New Financial Environment

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ABSTRACT

This article argues that financial repression played a key role in the emergence of credit unions (CUs) in Costa Rica, along with other institutional factors. Credit unions took advantage of the opportunity to serve borrowers whose requests had been refused by banks. Given the sweeping reforms of the Costa Rican financial system aimed at reducing the scope of financial repression, this article poses the question of how those reforms impacted the competitiveness of CUs. Previous literature suggests that financial reform may lead to concentration in the financial sector, and not to the promotion of a more competitive environment. This article presents data showing that CUs in Costa Rica exhibited an enhanced ability to gain market share and also provides an explanation for the observed trend.

RÉSUMÉ

L'article soutient que la répression financière avec d'autres facteurs institutionnels a joué un rôle clé dans l'émergence des coopératives financières (CF) au Costa Rica. Les CF ont profité de l'occasion pour servir les emprunteurs dont les demandes avaient été refusées par les banques. Compte tenu des réformes radicales du système financier costaricien, visant à réduire l'étendue de la répression financière, l'article pose la question de l'incidence de ces réformes sur la compétitivité des CF. La littérature précédente suggère que la réforme financière peut conduire à une concentration du secteur financier et non à la promotion d'un environnement plus compétitif. Notre article démontre que les CF du Costa Rica présentent une capacité à accroître leurs parts de marché. Nous fournissons une explication de la tendance observée.

KEYWORDS / MOTS CLÉS Financial markets; Government policy and regulation; Credit unions; Financial repression; Financial reform in developing countries; Costa Rica / Marchés financiers; Politiques et règlementations gouvernementales; coopératives financières; Répression financière; Reforme financière dans des pays en développement; Costa Rica

INTRODUCTION

During the 1980s, many developing countries started to dismantle policies that constrained the financial sector. Those earlier policies had been adopted in order to channel resources into the sectors of the economy deemed by economic authorities to be key for economic development. During the 1960s and 1970s, negative interest rates in real terms were widespread in the developing world, leading to the adoption of credit rationing that was not based on interest rates, such as setting caps on loans for a number of sectors and activities (Adams, 1971; McKinnon, 1973). Some agents in the economy benefited from subsidized credit, although this type of credit tended to accrue to a limited number of well-connected debtors. Ronald McKinnon (1973) criticized these policies as leading to what he called a fragmented economy, in which firms and households face different effective prices for the factors of production and do not have access to the same technologies. Eduardo Lizano (2004) contends that such measures of governmental intervention in financial markets, falling under the term financial repression actually harmed, rather than promoted, the prospects of economic development in the countries that adopted them.

In Costa Rica, these types of constraints on the financial sector were compounded by the nationalization of commercial banks that took place in 1948, a move aimed precisely at enhancing state control of interest rates and credit allocation (Camacho Mejia & González-Vega, 1994). In 1948, a civil war took place in Costa Rica, which Cynthia Franklin (1998) contends is the starting point of democracy there. The victors in the civil war assured free and fair elections. The nationalization of the banks was one of the first measures undertaken by the junta that assumed power after the end of the civil war. The new authorities implemented policies aimed at the modernization of the country's economic systems and the creation of a welfare state (Sandbrook, Edelman, Heller, & Teichman, 2007). A new political constitution was approved in 1949, which enshrined the government's obligation to promote cooperative organizations (Huaylupo Alcázar, 2003; Sánchez Boza & Mayorga Acuña, 1988).

In Costa Rica, the Central Bank (Guardia, personal communication, 2015) systematically capped financing for consumption by individuals, so as to make room for sectors that government officials considered to be a priority, or simply for those sectors enjoying political clout. This article argues that, to some extent, a number of individuals managed to circumvent this aspect of financial repression in Costa Rica by joining credit unions (CUs), in order to obtain credit. These organizations were not subject to the restrictions imposed on the state-owned commercial banks that comprised most of the formal Costa Rican financial system at the time. Thus, financial repression was arguably an important driver of the growth of credit unions in Costa Rica during the 1960s and the 1970s. As discussed below, many of the existing CUs were established during this period. These players in the financial market saw an opportunity to serve borrowers that were routinely refused access to credit because banks had attained the cap established by authorities for lending to individuals for consumption.

From the mid-1980s to the mid-1990s, a vast reform of financial markets took place in Costa Rica (Lizano, 2004). Among other things, the private sector was allowed to establish banks; the state monopoly on chequing accounts was terminated, as was the authority of the central bank to enact quantitative controls on bank portfolios (caps) and on the interest rates charged by the state-owned banks (Cerdas & Melegatti, 2014). Moreover, a new regulatory agency with enhanced powers and autonomy was established (García Soto, 2004).

The removal of financial repression (or at least of its most noticeable traits) that arguably had encouraged the emergence of CUs in Costa Rica must certainly have had an impact on their growth. This impact, however, could not have easily been predicted *a priori*. It could, for instance, have enhanced the ability of state-owned banks to compete for the CUs' clientele, once the quantitative controls on portfolios and interest rates had been removed, leading to a negative impact on CUs' growth. Moreover, CUs are much smaller than state-owned commercial banks in Costa Rica, which might have diminished their capacity to compete with larger banks that could benefit from economies of scale. David Wheelock and Paul Wilson (2011) report that technological and regulatory changes in the United States appear to have favoured larger institutions. Information technologies, in particular, exhibit a tendency to favour large players because those technologies can be costly in terms of equipment and software and can reduce the competitive advantage of proximity to lenders that characterized the CUs.

The above-mentioned threats against the ability of CUs to remain competitive were compounded by another obvious menace, the entrance of a new type of actor into the financial sector, namely, private-sector banks. However, other aspects of the sweeping reforms implemented after the mid-1980s could have favoured the CUs' competitive advantage, and therefore, their growth. For instance, since CUs could not rely on state finances in case of bankruptcies or crises of confidence in financial institutions by the public, the greater regulation of all financial players could have the effect of decreasing their risks and of increasing the trust of economic agents in CUs. Also, decades of financial repression could have inflicted damage on the inflation-adjusted value of the assets possessed by state-owned banks, impairing their capacity to profit from the new rules. Moreover, the fact that state-owned commercial banks were accustomed to managing rigid capped portfolios limited their ability to cater to the new industries that emerged in Costa Rica after the mid-1980s (González-Vega, 1990). In hindsight, the answer to the question of how the financial reforms in Costa Rica affected CUs ought to be empirical. No previous studies have been found on the issue of how reforms of the financial sector impacted CUs in Costa Rica.

This article could be of interest to policymakers, who would benefit from new knowledge concerning the impact of financial reform on CUs. Credit unions are reportedly an important source of financing for many people. Globally, more than 235 million people are members of a CU (World Council of Credit Unions, 2016). Credit unions are important even in a country with a highly developed financial system such as the United States, where they held some 10 percent of household deposits by 2011 (Wheelock & Wilson, 2011). Credit unions are thus too important to be ignored. Measures to further financial reform, in Costa Rica or elsewhere, would be facilitated if there was scholarly evidence of a positive impact of financial reform on CUs. This article could also benefit Costa Rican CU managers who wish to identify potential sources of growth available to the organizations that they run as a result of the new regulatory environment of the financial markets.

The next section of this article reviews some aspects of the development of CUs in Costa Rica, as well as the liberalization of Costa Rican financial markets. The following section discusses data and the methodology of the study. Another section is devoted to the presentation and analysis of the results. The final section presents concluding comments and suggests avenues for future research.

FINANCIAL REPRESSION, THE EMERGENCE OF CREDIT UNIONS IN COSTA RICA, AND THE LIBERALIZATION OF FINANCIAL MARKETS

Costa Rican economic policy between 1950 and the late 1970s was strongly interventionist. This was the result of a development strategy that has been labelled as import-substitution industrialization (ISI) (Lizano, 2004). This strategy involved a set of economic policies that included the erection of a "wall" of tariffs on imports of manufactured products, so as to facilitate the substitution of imports by local production.[1] Interventionism in the external-trade sector was mirrored in the financial markets by governmental policies intended to set quantitative controls for interest rates and credit allocation.

These policies included setting, on an annual basis, caps for the loan portfolios of commercial banks that were destined for the sectors of the economy considered a priority by the economic authorities of the country, and those sectors able to exert political pressure on governmental officers. These caps were presumably higher than the levels that those activities would have attained in the presence of competitive markets. They were set by the Central Bank at a level that was compatible with inflation targets and the expansion of the monetary base (Guardia, personal communication, 2015; Lizano, personal communication, 2017).

The mechanics of capping bank-loan portfolios (*topes de cartera* in Spanish) were complex. Caps for around 50 economic activities were set each year. Credit to finance consumption by individuals was not considered a priority and, therefore, lower caps were set for it (Guardia, personal communication, 2015). Sectors attaining the caps could exert pressure on the Central Bank authorities to raise the cap, if they had the political power to do so (Lizano, personal communication, 2017). In practice, caps became a sort of "entitlement," and benefitted those sectors that could pressure for the caps of the preceding year to become the minimum that could be lent to them, even if the economic circumstances had changed (González-Vega, 1990). Negative real interest rates were common during this period (Adams, 1971), especially toward the end of the ISI-dominated period (Lizano, 2004). These types of constraints on the financial sector were compounded in Costa Rica by the nationalization of commercial banks, which took place in 1948, aimed precisely at enhancing state control of interest rates and credit allocation (Camacho Mejía & González-Vega, 1994; Franklin, 1998). Lizano (2004) argues that the above-mentioned policies did more harm than good to the prospects of economic development in the countries that adopted them.

It is noteworthy that the decree of the nationalization of existing banks in 1948 did not declare the operation of private banks illegal. These banks, however, were not to engage in any financial intermediation because only the state-owned commercial banks had the privilege to issue chequing accounts and savings accounts (González-Vega, 1990). One private-sector bank (Banco Lyon) coexisted with state-owned commercial banks after 1948, but it did not constitute a serious competitor for them (Rojas Herrera, 1994). Commercial banks owned by the state controlled 99.1 percent of all assets owned by the banking industry (excluding CUs and other non-banking players) in Costa Rica in 1955, a figure that almost did not budge over the next 25 years (Rojas Herrera, 1994). By 1980, banks belonging to the state still owned 98.9 percent of all assets of the banking industry. In 1990 the corresponding figure was 87.3 percent, which gives an idea of the depth of the reforms, even in their early stages.

It was in the context of financial repression that most of the existing CUs in Costa Rica emerged, particularly the largest among them today. The appearance of such financial players was a collective response to a lack of credit for consumption that confronted a great number of individuals in Costa Rica during the 1950s and 1960s because of financial repression. Governmental intervention in the financial markets reduced credit for consumption, as already mentioned (Guardia, personal communication, 2015; Lizano, personal communication, 2017). This article asserts that credit unions took the opportunity to fill that gap, taking advantage of the absence of strong competition from state-owned banks, which were hampered by existing financial policies, and of the virtual absence of private-sector banks in the Costa Rican financial industry. This argument draws on previous literature. Individuals and groups that had to face the artificial scarcities of financing brought about by financial repression could be expected to find alternative ways to fund their investment and consumption projects. As McKinnon (1973) put it,

> Bank credit remains a financial appendage of certain enclaves: exclusively licensed import activities, specialized large-scale mineral exports, highly protected manufacturing, large international corporations, and various government agencies, such as coffee marketing boards or publicly controlled utilities. … Financing of the rest of the economy must be met from the meager resources of moneylenders, pawnbrokers, and *cooperative*s. It is this phenomenon that I call "financial repression." (pp. 68–69, emphasis added)

Sometimes the reaction of credit-starved actors could be more effective. For instance, Claudio González-Vega (1990) discusses the emergence during the 1960s and 1970s in Costa Rica of private-sector "financieras," financial entities that lent to the private sector and found loopholes to issue certificates of deposit to the public. By 1972 there were 51 "financieras," some 20 of which were formally regulated (González-Vega, 1990).

Most Costa Rican CUs were established during the period when financial repression was the norm in Costa Rica. Table 1 shows that 25 CUs out of the 29 regulated by the Superintendencia General de Entidades Financieras (SUGEF) by December 2013 were created during the years 1955–1979. Just four CUs were established during the 1980s and the 1990s. It is worth noting that none have been established since the year 2000.

Table 1: Date of creation of credit unions regulated by SUGEF by December 2013

Period		%
1955–1959	5	17.2
1960–1969	13	44.8
1970–1979	7	24.1
1980–1989	2	6.9
1990–1999	2	6.9
Total	**29**	**100.0**

Although financial repression was arguably a major driver of the emergence of CUs in Costa Rica, other elements also played a role. Paramount among them was the activity of the United States-based Credit Union National Association (CUNA) in the promotion of credit unions in developing countries. J. Carroll Moody and Gilbert Fite (1971) report that in the 1950s CUNA had already established its World Extension Department (WED), aimed at the expansion of credit unions abroad. The WED was later replaced by CUNA International, an organization that teamed up with a wide array of organizations to foster credit-union growth in developing nations. According to Moody and Fite (1971), by the autumn of 1970 there were 1,333 credit unions in Central America. In 1963, a program established in Costa Rica by CUNA and the United States Agency for International Development (USAID) led to the creation of a network of CUs called FEDECREDITO (a Spanish acronym of the Federación Nacional de Cooperativas de Ahorro y Crédito y Servicios Múltiples). Subsequently, FEDECREDITO teamed up with CUNA and USAID to foster the development of credit unions in Costa Rica. It was behind the creation of 60 of them between 1964 and 1968 (Romero St. Bonnet, 1995; Vega & Castro, 1988). The Costa Rican government also favoured the establishment of co-operatives, setting up specialized organizations to foster them, such as the Departamento de Fomento de Cooperativas of the Banco Nacional de Costa Rica in 1953, and, 20 years later, the Instituto Nacional de Fomento Cooperativo, and passing legislation with the same purpose (Instituto Nacional de Fomento Cooperativo, 2017).

FEDECREDITO's objectives were to lobby in favour of the affiliated CUs, to seek financing for them, and to give them technical assistance. Mylena Vega and Carlos Castro Valverde (1988) report that by 1988 a crisis almost led FEDECREDITO to close its operations, an outcome that was only averted with the support of USAID. Afterward, FEDECREDITO created several enterprises, including a bank and an agency devoted to trading financial securities. By 1998, the bank that FEDECREDITO owned suffered a bank run, which in turn led to the bankruptcy of FEDECREDITO and its closure. A new organization was created in 1999 called FEDEAC (a Spanish acronym for the Federation of Credit Unions) [FEDEAC, n.d.]. An examination of its 2017 annual report reveals that the organization has more limited objectives than its predecessor. It had just four permanent staff by 2016 and owned assets of less than U.S.$250,000. Despite its limited resources, FEDEAC seems to be accomplishing an important task as a lobbyist, provider of technical assistance, and disseminator of information to its CU members (FEDEAC, 2017).

By the mid-1980s, a reform of financial policies began in Costa Rica. These reforms followed a deep economic crisis labelled by Mitchell Seligson and Edward Muller (1987) as “unprecedented” (p. 306).[2] Austerity measures were implemented, and they were coupled with more long-term reforms of economic policy, intended to promote drastic changes in the external-trade and financial sectors, and the reform of the state apparatus (Clark, 1997; Sandbrook et al., 2007; Sauma & Trejos, 1999).

Between 1984 and 1987, the caps on banks’ portfolios were dismantled for most activities (Lizano, 2004). In 1984, private banks were allowed to mobilize funds from donor agencies that were destined for the private sector, with the guarantee of the Central Bank. The Costa Rica government signed two structural-adjustment loans (SALs) from the World Bank in 1988. Among other things, those loans included an initiative to further the reform of the financial sector. Within the framework of the agreements with the World Bank related to the second SAL, the regulation of financial-sector players was strengthened, leading to the creation of the Auditoría General de Entidades Financieras (AGEF being its Spanish acronym, General Auditor of Financial Entities) that belonged to the Central Bank. The mandate of the new entity included the regulation of all financial institutions, and not only banks (Meoño & Escoto, 2006). As a consequence of this first wave of reforms, the number of private banks operating in Costa Rica rose from five to 17 from December 1980 to June 1990 (Rojas Herrera, 1994). The reform of the financial sector in Costa Rica was greatly furthered in 1995 by Law No. 7558, which abolished the monopoly of state banks in issuing chequing accounts (García, 2004). Moreover, in the same year, the AGEF was transformed into the Superintendencia General de Entidades Financieras (SUGEF, by its Spanish acronym), with a broader mandate than the purely auditing tasks confided to its predecessor and with greater autonomy from the Central Bank (Villalobos, Sanders, & De Ruijter, 2003). The reform of the Costa Rican financial sector had direct consequences for credit unions. Law No. 7391 (Regulación de Intermediación Financiera de Organizaciones Cooperativas) was passed in 1994, establishing that the SUGEF would regulate credit unions in the country (Instituto Nacional de Fomento Cooperativo, 2012).

Costa Rican CUs have also been subjected to many pieces of legislation aimed at the regulation of credit unions and co-operative organizations at large (Centro de Estudios y Capacitación Cooperativa, 2017; Instituto Nacional de Fomento Cooperativo, 2012). This legislation dictates that credit unions can only conduct financial intermediation with their own members, who can only be individuals or not-for-profit organizations. Credit unions cannot issue chequing accounts either, nor raise funds in the stock market. However, CUs enjoy a number of fiscal privileges that precede the financial reforms and that the latter had left untouched. Costa Rican CUs do not pay tax on the surpluses of income over expenses (the accounting equivalent of profits in the case of banks and other financial players). Instead, they contribute a percentage of their surpluses to finance public and private organizations created to regulate and promote co-operatives in Costa Rica, a sort of quasi-fiscal burden. Their contribution for this purpose is much lower than the income taxes paid by state-owned commercial banks and private banks. See the appendix for data showing that those financial institutions devoted, respectively, 30.07 percent and 30.40 percent of their earnings to income tax during the years 2008–2016, while CUs only contributed 4.44 percent of their surpluses to fund the agencies that serve them.

In addition to these tax advantages, holders of deposits in private-sector and state-owned commercial banks had to pay an income tax of eight percent on the interest they earned for those deposits, with the financial institutions being obliged to retain the funds and transfer them to the fiscal authorities. Credit unions do not have to do so, giving them an edge, especially in the case of members of credit unions with large investments. However, it is important to highlight that most, if not all, of the above-mentioned tax advantages were implemented by Costa Rican governments well *before* the mid-1990 reforms, not afterward (Arce, 2006, personal communication, 2016). Thus, their capacity to boost the competitive edge of CUs probably depended on other elements, such as the possibilities that brought about the financial reform itself.

The effects of the reforms on the competitive advantage of credit unions have, to the best of our knowledge, not yet been analyzed in the academic literature in the context of Costa Rica. This article aims to fill that void. To that effect, it asks the question of how the financial reforms of the mid-1990s impacted credit unions in Costa Rica. That research question has guided this inquiry. The topic deserves analysis because it can give important insights that are useful to both the makers of policy and the managers of credit unions. David Cole (1974), in an early criticism of the financial-repression school, contended that reforming the financial sector, in the sense of freeing it to market forces as advocated by Edward Shaw (1973), could be unwarranted if there are no reasonable prospects that reform will serve the general interest. Cole reasoned that financial liberalization could result in increasing the number of financial resources in the economy. However, society at large can only benefit from these additional resources if many competitive financial institutions disperse and regulate power through market forces. Cole (1974) considers the latter outcome unlikely in the real world, because, "Banking is an industry where costs decrease and influence increases with scale, resulting in a strong tendency toward consolidation and oligopoly" (p. 1,348). Athanasios Noulas, Subhash Ray, and Stephen Miller (1990) found empirical evidence in the United States of the presence of economies of scale in the banking industry. Wheelock and Wilson (2011) suggest that credit unions in the United States operated under increasing returns of scale. The fate of credit unions in Costa Rica after the reforms could help policymakers by providing them with evidence concerning the issue raised by Cole. As will be shown later, credit unions were a relatively marginal actor in the financial sector when the 1995 reform took place. If Cole was right, the ability of credit union to gain competitiveness (measured by market share) would be hampered as a consequence of their small scale. If, on the contrary, they proved able to thrive, as compared to State-owned commercial banks and private-sector banks, the case of researchers advocating financial reform would be supported by empirical evidence.

Problems of governance could also hamper CUs. Jean-Noël Ory, Mireille Jaeger, and Emmanuelle Gurtner (2006) noted that credit unions could be faced with important agency costs stemming from their organizational design. Given the principle of "one member, one vote," regardless of the individual investments, that most CUs apply in their governance, it is not possible for large stockowners to invest in disciplining the management team of a credit union. Moreover, ownership rights in the case of CUs are not alienable, and, therefore, there are no secondary markets where the equity shares could be negotiated, limiting a mechanism to check managerial self-serving behaviour. Ory et al. (2006) also recognize, however, that good governance could also be provided by the product markets, particularly in contexts where the financial industry is highly competitive. Disgruntled CU members could also quit, resulting in the loss of both a client and an equity owner for the CU, a threat that may discipline self-serving top managers. Johnston Birchall (2017) contends that the governance of co-operatives has exhibited some shortcomings. Most notably, their members do not have access to the information that is conveyed by changes in the stock price, which reflect the quality of management of stock-traded companies. Nevertheless, the author stresses that co-operatives could create an organizational design able to overcome these limitations in the governance by fostering relationships between members and the board, managers and the board, and management and employees. In fact, as Birchall (2017) highlights, scholarly research has provided empirical evidence that European co-operative banks can outperform their competitors in all the conventional indicators of efficiency, profitability, and stability. McKinsey and Company (2012) reports that between 2005 and 2010, 47 cooperatives—spanning numerous countries, both industrial and emerging—were able to grow in four sectors, insurance, banking, retail, and agriculture, at nearly the same rate as their 54 stock-traded counterparts, although there was some variation in terms of industry and geographic location.

DATA AND METHODOLOGY

In order to inquire into the topic under investigation, we compiled accounting information related to CUs and other important players in the financial industry that were likely to be affected by the removal of the policies of financial repression and the emergence of a new regulatory environment in Costa Rica.

The year 1995 was chosen as the vantage point. We believe that our database would have gained substantially if it could have contained data from the years preceding the reforms of the mid-1990s; however, that information is not available to the public.

The new regulatory body of the financial industry in Costa Rica was set up in that year by the new Ley Orgánica del Banco Central de Costa Rica (Law No. 7558). The new regulator, SUGEF, acquired its own governing board and more powers and autonomy than its predecessor, the Auditoría General de Entidades Financieras (AGEF) (García Soto, 2004).

The creation of SUGEF is a major landmark in the development of today's financial system in Costa Rica. Furthermore, the same law ended the monopoly that state-owned banks enjoyed over current accounts. Under certain conditions, private-sector banks were allowed to issue current accounts, a decision that considerably increased their access to new funds (El Financiero, 2014).

The SUGEF started compiling accounting data on the entities that it had regulated since 1995 (data for CUs started to be reported one year later). That database is available to the public on SUGEF's website (www.sugef.fi.cr). It is worth mentioning that SUGEF regulates only open-bond CUs, owning total assets valued at 1,266 million Costa Rican colones or more (SUGEF, 2018), roughly U.S. $2.3 million, at the exchange rate of 2016 (554.64 colones per U.S. dollar), as reported by the International Monetary Fund (2017).[3]

In order to advance the inquiry, we downloaded information about a number of accounting variables, including total assets (the net of SUGEF's estimates for uncollected receivables), the book value of capital, net income (net surpluses, in the accounting terminology of CUs), and effective taxation for three major types of financial institutions. Those institutions are: the ensemble of the three state-owned commercial banks (Banco Crédito Agrícola de Cartago, Banco de Costa Rica, and Banco Nacional de Costa Rica); the ensemble of private-sector banks; and the ensemble of CUs. The financial sector of Costa Rica comprises financial institutions other than those analyzed in this article. For instance, five non-banking financial enterprises and two banks established by special laws were also regulated by SUGEF, among other financial institutions, by December 2013. Nonetheless, the three types of players scrutinized in this study are by far the most important absorbed more than four-fifths of assets, on average, during the period 1996–2016. In order to take into account the potential influence of the financial crisis of 2008 on the Costa Rican financial system, calculations for the period before it happened, from 1995 to 2007, and the ones after it happened, from 2008 to 2016, are reported separately.

RESULTS AND DISCUSSION

The data presented in Table 2 show that CUs considerably increased the value of their assets (unadjusted by inflation) during the period under investigation. Data is not adjusted for inflation because this analysis aims at a comparison of the market share of the three types of actors under investigation. The metric used to proxy market share, the percentage of assets held by each type of actor as compared to the financial sector as a whole, would not be altered if the computations were made on an inflation-adjusted or unadjusted basis.

Table 2: The evolution of the Costa Rican financial sector, total assets (billions of current Costa Rican colones)

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	1996-2016	1996-2007	2008-2016
Credit unions[1]	n.a.	42.2	54.9	58.1	57.1	69.4	90.0	121.0	163.1	229.5	349.3	505.0	747.8	938.0	1083.9	1126.1	1325.4	1587.4	1934.8	2248.1	2631.6	2931.6			
% change of assets			30.2	5.9	-1.8	21.6	29.6	34.5	34.9	40.7	52.2	44.6	48.1	25.4	15.6	3.9	17.7	19.8	21.9	16.2	17.1	11.4	24.5	30.9	16.5
% of financial sector	n.a.	3.7	4.1	3.3	2.9	2.8	3.2	3.6	4.0	4.3	5.2	6.1	7.4	7.4	7.8	7.8	8.3	8.6	9.2	9.3	9.8	9.9			
State-owned banks[2]	458.7	731.2	780.8	960.2	1098.3	1289.4	1370.8	1613.5	1883.2	2619.1	3151.6	3824.4	4526.2	5301.9	6040.9	6463.3	6940.7	7989.4	9238.3	10178.0	10776.7	11652.0			
% change of assets		59.4	6.8	23.0	14.4	17.4	6.3	17.7	16.7	39.1	20.3	21.4	18.3	17.1	13.9	7.0	7.4	15.1	15.6	10.2	5.9	8.1	15.1	18.3	11.2
% of financial sector	60.8	65.0	58.9	54.7	55.1	52.7	49.1	47.5	45.8	49.1	47.2	46.5	44.9	42.0	43.7	44.7	43.3	43.3	43.7	42.2	40.2	39.3			
Private-sector banks	173.5	213.0	297.1	415.3	480.6	662.7	831.1	1019.5	1299.7	1554.8	1980.5	2466.4	3005.2	4264.6	4366.5	4331.5	4877.8	5463.9	6125.3	7298.8	8400.1	9526.6			
% change of assets		22.8	39.5	39.8	15.7	37.9	25.4	22.7	27.5	19.6	27.4	24.5	21.8	41.9	2.4	-0.8	12.6	12.0	12.1	19.2	15.1	13.4	21.5	27.4	14.2
% of financial sector	23.0	18.9	22.4	23.7	24.1	27.1	29.8	30.0	31.6	29.1	29.7	30.0	29.8	33.8	31.6	30.0	30.4	29.6	29.0	30.2	31.4	32.1			
Total. financial sector[3]	754.7	1125.8	1324.7	1755.4	1992.1	2446.2	2789.2	3397.8	4109.9	5339.0	6674.2	8233.4	10072.6	12615.4	13808.1	14461.8	16030.7	18447.9	21116.8	24132.1	26781.4	29639.8			
% change of assets		49.2	17.7	32.5	13.5	22.8	14.0	21.8	21.0	29.9	25.0	23.4	22.3	25.2	9.5	4.7	10.8	15.1	14.5	14.3	11.0	10.7	18.0	22.2	12.9

Notes: 1) Includes only credit unions that are regulated by SUGEF (assets of 1,151 million Costa Rican colones or more); 2) includes the three state-owned commercial banks: Banco Crédito Agrícola de Cartago, Banco de Costa Rica, and Banco Nacional de Costa Rica; and 3) the financial sector of Costa Rica comprises other players than credit unions, state-owned, and private-sector commercial banks.

Credit unions possessed nearly 42.2 billion Costa Rican colones in 1996, which is 3.7 percent of the nominal value of the assets owned by all institutions in the financial sector. By 2007, CUs exhibited in their balance sheets assets of 747.8 billion Costa Rican colones, or 7.4 percent of the value of assets of the whole financial sector. By 2016, credit unions held roughly 2.9 trillion Costa Rican colones, or 9.9 percent of all assets being held by financial institutions regulated by SUGEF. This, compared to 1996, was almost three times the level in percentage terms.

Private-sector commercial banks also exhibited important growth in market share, although not as fast as that of CUs. In 1995, this type of bank held 173.5 billion Costa Rican colones, 23 percent of total assets of all institutions in the Costa Rican financial sector. By 2007, that figure had risen to 3,005.2 billion, 29.8 percent of financial sector as a whole. Assets owned by private-sector banks represented 32 percent of all assets held by financial players in Costa Rica by 2016.

The gains of both CUs and private-sector banks, in terms of market share, came at the expense of state-owned commercial banks, which lost considerable market share during the period under examination, measured by the percentage of their assets, compared to those of the financial sector. In 1995 the three state-owned banks absorbed 60.8 percent of all assets possessed by the ensemble of players in the financial sector. By 2016, the figure had dropped to just 39.3 percent. This reduction is even more remarkable than appears at first sight. Deposits from the public are not insured in Costa Rica. In state-owned banks, however, deposits could be covered by the government if it so decides. For example, in June 1994, the government intervened in the Banco Anglo Costarricense, and guaranteed its deposits, at great financial cost. Deposit holders, including potential members of CUs, thus have an incentive to keep their accounts in state-owned banks, where they have a better chance of being reimbursed in case of bankruptcy.[4]

Table 2 reports the percentage change of the value of assets, as compared to the previous year, as well as the arithmetic average of this metric. It is interesting to observe that credit unions grew faster than state-owned banks and private sector banks during the whole period under study (1995–2016), as well as both before and after the financial crisis of 2008. It is also worth highlighting that the three types of financial institutions exhibited slower rates of growth after the financial crisis.

In summary, these findings enable us to address our research question. Even though Costa Rican CUs were born when economic policy emphasized financial repression, the abolition of these restrictions did not have any adverse effects on them. Quite the contrary, they thrived in the new environment. Credit unions in Costa Rica did not seem to be condemned to be marginal players in the financial sectors, being punished for their smaller size, at least during the period under examination, a possibility suggested by Cole (1974). This finding is consistent with results from Ory et al. (2006), who found that CUs and banks owned by CUs in France had fared well over the years 1990–2002, despite the deregulation of the industry that had been taking place in the country. It is also consistent with Surendra Kaushik and Raymond Lopez (1994), who asserted that 15 years after the deregulation of the financial-services industry in the United States, "The state of the credit union industry has never been as bright as it appears to be in the early 1990s" (p. 240). Wheeler and Wilson (2011) present evidence as well that CUs in the United States have grown fast since the 1980s.

This explanation of the enhanced competitive advantage of Costa Rican CUs after the financial reform is multipronged. First, CUs are not allowed to raise capitals in the stock markets, as Ory et al. (2006) point out, which means that they can only sustain their growth by means of retained profits (Goddard, McKillop, & Wilson, 2002).[5] One way to escape this constraint is to finance growth (new loans and other assets) by increasing liabilities. Because of the fundamental accounting equation, this would imply a lower capital-to-assets ratio (we use the terms "capital" and "equity" interchangeably). Second, higher capital-to-assets ratios would signal overcautious management, which can hamper growth (Goddard et al., 2002). Third, Costa Rica never implemented any type of deposit insurance, even for small investment amounts. In this context, members of a CU cannot know in advance if they can get back their entire investments in the case of liquidation. This latter event was not unusual before and even after the financial reforms of 1995.[6] In order to be prepared for any economic turbulence or possible "bank runs," managers of CUs had an incentive to hold large reserves. The strong precautionary regulation, which arguably only arrived with SUGEF, allowed them to reduce capital reserves because the new regulation reduced the asymmetry of information[7] between the managers of CUs, on the one hand, and actual and potential members, on the other hand. This article argues that the enhanced monitoring of financial institutions brought about by SUGEF improved the quality and quantity of financial information on CUs available to the public, thus reducing the level of the asymmetry of information. One can view the high levels of capital-to-assets ratios that managers of CUs maintained before the creation of SUGEF as a sign to members and potential members of the financial health of the organizations that they ran, and of their ability to deal with eventual contagion crises. Arguably, such signs (strong capital reserves) were less needed once better regulation had been implemented, because members and potential members of CUs could have access to better information on the financial health and economic prospects of these organizations.

This study's data supports this notion. Table 3 suggests that CUs had fuelled their growth by increasing their leverage, which consequently implies a lower capital-to-assets ratio. In 1996, the book value of capital represented 30.1 percent of assets owned by the ensemble of CUs. By 2007, the corresponding figure had descended to 17.8 percent. It ended up at 17.9 percent in 2016. In the same table, it is reported the non-weighted average of the ratio of equity to total assets (in percentage). As Table 3 shows, the average of this metric was 24.2 percent for the years 1996–2016, a clear reduction compared to the first year in our database. Moreover, the non-weighted average of yearly changes in the case of CUs was minus 2.4 percent, as the ratio increments were outmatched by reductions throughout the period. A similar picture emerges from private-sector banks. In 1995, equity represented 15.3 percent of the value of total assets. By 2007, the corresponding figure was 8.9 percent. In 2016, it had risen slightly to 10.1 percent, which is still well below the 1995 figure. The non-weighted average was 10.7 percent throughout the period, and the average of yearly changes was negative as well. State-owned banks also exhibited a modest increase in the ratio, from 8.1 percent in 1995 to 9.8 percent in 2016. The average year-to-year increment is positive. In short, financial institutions that experienced growth in their market share also exhibited a reduction in the ratio of equity to total assets.

This analysis takes into account the impact of the financial crisis of 2008. The last three columns of Table 3 show that CUs reduced the ratio of capital to assets faster than private-sector banks, while state-owned commercial banks increased this metric before the beginning of the financial crisis. After the financial crisis, the three players exhibited an increase in this metric, including CUs. However, the latter's ratio increased at a much slower pace than the other two types of financial institutions. It is interesting to note that CUs gained market share after the crisis, albeit at a much slower pace than before. Although this explanation sheds light on the enhanced ability of CUs to compete with other players, as the concluding section of this article explores, this explanation is certainly not exhaustive, and other avenues for future research into this topic are, indeed, conceivable.

It is important to also note that if greater leverage is a source of competitiveness, CUs may still exploit that advantage for some time. By the end of 2016, their ratio of equity to total assets was still much higher (17.9%) than the corresponding figure for the other two players (9.8% for state-owned commercial banks and 10.1% for private-sector banks). Although managers of Costa Rican CUs should consider further reducing the ratio of capital to assets to encourage future growth, this strategy also has its limitations. First, if the regulation was effective in reducing the asymmetry of information between the management of CUs and the membership base, allowing the CU management to increase leverage to finance its assets, it is also possible that the regulatory environment is an imperfect mechanism to convey information concerning the financial health of the CU. In the absence of a system of deposit insurance, Costa Rican CUs still had to exhibit relatively high levels of capital to assets in their balance sheets, in order to be able to face future economic turbulence and systemic threats. Second, it has been reported in the press that loan portfolios of CUs are not very diversified, with consumption

Table 3. Capital (equity) as a percentage of total assets, Costa Rican financial sector

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	1996-2016	1996-2007	2008-2016
Credit unions[1]																									
Value of capital[2]	n.a.	12.7	16.3	19.3	19.1	23.0	27.9	35.5	44.7	57.5	76.3	97.7	133.3	172.2	207.2	236.4	282.5	328.4	381.9	434.3	486.9	525.4			
Capital as a % of total assets		30.1	29.7	33.2	33.5	33.1	31.0	29.3	27.4	25.1	21.8	19.3	17.8	18.4	19.1	21.0	21.3	20.7	19.7	19.3	18.5	17.9	24.2	27.6	19.6
% change in capital to assets ratio			-1.3	11.9	0.7	-0.9	-6.5	-5.4	-6.6	-8.6	-12.8	-11.4	-7.9	3.0	4.1	9.8	1.5	-2.9	-4.6	-2.1	-4.2	-3.1	-2.4	-4.4	0.2
State-owned banks[3]																									
Value of capital[2]	37.1	39.3	53.4	62.4	77.4	91.6	112.1	125.5	180.8	214.8	292.9	378.4	421.1	555.9	622.2	673.8	729.6	815.0	878.4	943.5	1 033.3	1 139.3			
Capital as a % of total assets	8.1	5.4	6.8	6.5	7.0	7.1	8.2	7.8	9.6	8.2	9.3	9.9	9.3	10.5	10.3	10.4	10.5	10.2	9.5	9.3	9.6	9.8	8.8	7.9	10.0
% change in capital to assets ratio		-33.5	27.2	-5.0	8.4	0.8	15.1	-4.9	23.4	-14.6	13.3	6.5	-6.0	12.7	-1.8	1.2	0.8	-3.0	-6.8	-2.5	3.4	2.0	1.8	2.6	0.7
Private-sector banks																									
Value of capital[2]	26.6	31.3	35.5	43.4	59.4	71.4	84.6	102.2	120.6	135.3	166.9	226.1	266.7	405.0	453.6	491.9	545.2	600.7	670.7	770.0	871.3	961.4			
Capital as a % of total assets	15.3	14.7	11.9	10.5	12.4	10.8	10.2	10.0	9.3	8.7	8.4	9.2	8.9	9.5	10.4	11.4	11.2	11.0	10.9	10.5	10.4	10.1	10.7	10.8	10.6
% change in capital to assets ratio		-4.2	-18.7	-12.5	18.3	-12.8	-5.5	-1.5	-7.4	-6.2	-3.2	8.8	-3.2	7.0	9.4	9.3	-1.6	-1.6	-0.4	-3.7	-1.7	-2.7	-1.6	-4.0	1.6
Total, financial sector[4]																									
Value of capital[2]	115.4	139.7	177.7	215.7	265.6	318.6	378.4	465.7	583.7	685.2	876.5	1,106.6	1,292.1	1,637.0	1,874.6	2,084.8	2,346.0	2,658.7	2,979.1	3,317.8	3,704.3	4,083.5			
Capital as a % of total assets	15.3	12.4	13.4	12.3	13.3	13.0	13.6	13.7	14.2	12.8	13.1	13.4	12.8	13.0	13.6	14.4	14.6	14.4	14.1	13.7	13.8	13.8	13.6	13.3	13.9
% change in capital to assets ratio		-18.8	8.1	-8.4	8.5	-2.3	4.2	1.0	3.6	-9.6	2.3	2.3	-4.6	1.2	4.6	6.2	1.5	-1.5	-2.1	-2.5	0.6	-0.4	-0.3	-1.1	0.8

Notes: 1) Includes only credit unions that are regulated by SUGEF (assets of 1.266 billion or more Costa Rican colones; 2) figures stated in billion current Costa Rican colones; 3) includes the three state-owned commercial banks: Blanco Crédito Agricola de Cartago, Banco de Costa Rica, and Banco Naciional de Costa Rica credit taking a large proportion of it. There are even CUs whose loan portfolio comprises credit for consumption exclusively (Leitón, 2017). Under these circumstances, it is possible that Costa Rican CUs should set their ratio of capital to assets at levels that are higher than those of financial institutions with a more diversified portfolio.

CONCLUDING REMARKS

This article argues that CUs were created as a collective response to the lack of credit for individuals arising from the environment of financial repression that predominated in Costa Rica from the 1950s onwards, and started to be dismantled by the mid-1980s (Lizano, 2004). By December 2013, roughly 70 percent of the CUs supervised by SUGEF had been incoporated by the 1960s or 1970s. Also the emergence of CUs was also considerably furthered by governmental policies intended to promote cooperatives and technical assistance from private and public agencies, some of them from abroad. CUs consolidated during the times of financial repression because they could reach an underserved market, namely, consumption credit. They presumably benefited as well from the absence of private-sector commercial banks in Costa Rica, for these only arrived later, with the removal of financial repression.

As businesses whose existence is arguably linked to the existence of financial repression in Costa Rica, CUs could have suffered a serious backlash after the reform of the policies regulating the operation of financial markets in Costa Rica. However, decades of financial repression might have harmed state-owned commercial banks to the point that they were not able to take full advantage of the liberalization of financial markets. Moreover, the stronger regulation brought about by the reforms initiated in the 1980s, which moved away from the interventionist policies of the past toward a neutral regulation that ensured, for instance, the monitoring of solvency of financial intermediaries, could have helped other financial institutions than state-owned banks. The latter, being backed by governmental agencies in the case of bankruptcies or crises, had presumably less to gain from better-quality supervision.

The data from this study show that CUs saw their market share almost triple during the period under study, measured by the ratio of the percentage of the value of total assets owned by the CUs compared to value of total assets owned by the ensemble of the players in the financial sector in Costa Rica. Private-sector banks also exhibited a gain, although a more modest one than the CUs had experienced. These saw their market share rise from 23 percent to 32.1 percent during the period from 1995–2016. State-owned banks lost considerable market share during that period. They possessed almost 61 percent of the market share in 1995, but this fell to roughly 39.3 percent in 2016. In fact if this trend continues, CUs might become a major player in the financial market of Costa Rica, well beyond the marginal role they played nearly two decades ago.

This article argues that the financial reforms of 1995 enhanced the quality of the regulation of financial institutions. Those reforms, moreover, brought about the regulation of CUs by the financial watchdog for the first time (Huaylupo, 2003). In view of our analysis, the new regulatory environment allowed CUs to reduce their capital reserves. Credit unions exhibited a very high ratio of capital to assets, as observed at the beginning of the period under investigation. This study concludes that CUs had fuelled their growth by substantially reducing the ratio of equity to total-assets owned, a trend also present in the case of private-sector banks. It is worth mentioning that, despite the increased risk emanating from a diminished ratio of equity to total assets, CUs seem to have been more risk-averse than the other two players. In fact, equity financed almost 20 percent of CUs' total assets, roughly twice the percentage of state-owned banks and private-sector banks. If increased leverage is a way of spurring growth, then CUs still have a way to go.

Of interest to researchers, is that these findings could support the view that financial reform does not necessarily harm CUs or smaller actors in the financial market, which can also thrive in a freer economic environment. Regulators could also gain from these insights. The findings suggest that a reduction in the ratio of capital to assets has fuelled the growth of CUs. Of course, this strategy may increase risks. Still, regulators could look at the specifics of particular types of portfolio in the CUs to ascertain the possibilities of designing appropriate limits for that indicator.

This explanation of the enhanced ability of CUs to outcompete other players in the financial markets is certainly not exhaustive. Credit unions might enjoy an informational advantage compared to other players in the financial sector in Costa Rica. This proposition can be tested empirically, albeit in an indirect manner. For instance, it should be possible to ascertain if CUs treated certain type of credit more rapidly, or at a lesser cost, compared to other financial institutions. This task, however, would involve data that we do not have access to. Goth, McKillop, and Wilson (2012) report that mergers have fuelled the growth of CUs in the United States and Canada. There is evidence that mergers among CUs also occurred in the Costa Rican context. Between 1996 and 2016, eight mergers were reported by SUGEF (Alvarez, 2017, personal communication). Four CUs were responsible for them, and five of the mergers were conducted by a single CU, Coopealianza. Apparently, smaller or less efficient CUs were absorbed by their larger or more efficient counterparts, thus benefiting from economies of scope and scale. Based on the above-mentioned data, it is possible that, unlike in the cases of the United States and Canada, growth in the Costa Rican context had a rather limited impact on the growth of the surviving entities. However, this research design cannot offer a definitive response to the question of how important mergers were as drivers of growth. Thus, future researchers could examine the role that mergers might have had in the rapid growth of CUs in Costa Rica, using an appropriate design for that purpose.

Finally, it is possible to argue that CUs, having started at the lower end of the spectrum in terms of size, had more room to grow as compared to state-owned banks and private banks. The question of how the size of organizations could impact their growth patterns has been a subject of debate for scholars going back to the publication of Robert Gibrat (1931), who contended that the size of firms is unrelated to their growth. The jury is still out on Gibrat's assertion. For instance, Johannes Van Biesebroeck (2005) provided evidence that size matters for growth in the context of manufacturing firms in nine sub-Saharan countries, while Erik Stam (2010) reported a number of studies contradicting Gibrat's proposition on the independence of firm size and growth. The topic clearly deserves attention in the context of Costa Rican CUs. However, in order to shed light on the possibility that the size of an organization could have a distinct impact on growth, it is necessary to employ an entirely different approach to the one implemented here. Although such a program of research could be fruitful, it is certainly beyond the scope of this study's methodology.

NOTES

1. See Werner Baer (1972) for a detailed exposure of the implementation of ISI. He also provides an early criticism of the policy, stressing its shortcomings.
2. According to Mitchell Seligson and Edward Muller (1987), the foreign debt grew from U.S.$840 million in 1978 to U.S.$3 billion in 1982, approaching the value of the entire gross national product of that year. Monetary reserves that were 358 million in 1978 became negative in 1982. Inflation, which was historically single digit in Costa Rica, rose to 108 percent in 1981–1982, measured by the wholesale price index.
3. It has recently been reported that SUGEF will soon start supervising CUs with assets under 1,266 million colones. These smaller CUs, offering membership to specific groups of workers, were regulated by an agency of the Costa Rican co-operative movement. According to estimates, about 38 such CUs exist in Costa Rica (Arias, 2018).
4. The Costa Rican government intervened in the Banco Anglo Costarricense, a state-owned bank, after the detection of abnormal transactions. The government announced full coverage of its deposits. Despite this, total deposits fell by one-third during the first three months of the intervention, when the Central Bank of Costa Rica (BCCR in its Spanish acronym) made payments to investors. The Banco Anglo Costarricense was liquidated in September 1994 and the remaining deposits were transferred to other state-owned commercial banks, while the BCCR continued supporting withdrawals in the recipient banks. By the end of the year, it had extended financial assistance equivalent to 3.5 percent of the gross domestic product. Half of this sum was paid back to the BCCR by the government with bonds (Jácome, 2008).
5. New members must contribute to the capital of the CUs, but this is likely a very limited way of increasing the resources available to finance additional assets because these contributions tend to be small. For instance, prospective members of Coocique (n.d.), a large CU, must currently pay a single fee of 1,000 Costa Rican colones for the processing of their application and contribute 7,000 Costa Rican colones to the

capital of the CU. Both payments together are less than U.S. $15, as of November 11, 2018. Coopeservidores (n.d.), another large CU, requires a one-time contribution to capital of 5,000 colones to become a new member. Those amounts could vary from one CU to another, because they depend on the bylaws of each organization. Moreover, the latter can be modified at any moment if the board of directors so decides (Peraza, 2018, personal communication).

6. Juan Huaylupo (2003) reports the liquidation of two banks owned by the cooperative sector during the late 1990s. In 2010, Coopemex, a large CU, also required intervention. It was liquidated one year later (Arias, 2011).
7. See George Akerlof (1970) and Michael Spence (1973) for a thorough discussion on the impact of information asymmetry on the functioning of markets.

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APPENDIX

Taxes and other forms of quasi-taxation as a percentage of earnings (surplus in the case of CUs): Costa Rican financial sector

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	1995-2016	1995-2007	2008-2016
Credit unions[1]																									
Taxes and other forms of quasi-taxation[2]	n.a.	0.12	0.04	0.05	0.07	0.07	0.03	0.15	0.05	0.08	0.15	0.30	0.89	0.90	0.80	1.07	1.31	1.48	1.61	1.82	1.78	1.68	0.69	0.17	1.38
% of surplus		8.1	2.2	2.3	3.7	3.2	1.0	3.5	1.0	1.2	1.5	2.5	4.3	3.8	4.9	4.3	4.4	4.5	4.5	4.7	4.5	4.3	3.55	2.89	4.44
State-owned banks[3]																									
Taxes and other forms of quasi-taxation[2]	0.5	0.0	0.0	0.0	0.1	2.6	3.0	2.4	2.5	7.1	9.0	17.2	31.4	41.7	21.8	26.6	26.0	20.2	13.1	38.5	33.8	55.6	16.05	5.83	30.81
% of earnings	17.9	0.0	0.0	0.0	0.6	15.7	14.4	14.0	8.1	16.5	14.4	20.8	31.5	33.8	29.4	31.9	31.2	18.9	18.7	38.6	34.0	34.2	19.29	11.83	30.07
Private-sector banks																									
Taxes and other forms of quasi-taxation[2]	0.4	0.3	0.6	0.6	0.8	1	1.2	1.5	1.9	3.9	7	9.4	11.5	17.6	15.6	15.3	19.7	29.2	26.8	41.6	32.4	40.6	12.68	3.08	26.54
% of earnings	8.7	7.7	12.5	60.0	14.5	10.2	9.2	8.4	8.6	16.1	16.6	18.7	34.1	24.9	28.1	35.4	30.2	31.8	29.6	33.3	29.8	30.5	22.68	17.34	30.40
Total. financial sector[4]																									
Taxes and other forms of quasi-taxation[2]	0.9	0.5	0.6	0.7	0.9	3.8	5.0	5.5	4.6	12.1	18.5	30.7	51.6	69.7	44.3	51.1	63.2	62.9	47.0	92.3	83.7	115.0	34.75	10.42	69.91
% of surplus/earnings	7.1	3.2	2.5	4.4	2.7	9.2	9.1	8.8	5.5	11.4	11.9	16.3	24.8	25.1	22.4	23.7	23.7	19.7	16.9	26.3	24.7	25.1	14.75	8.99	23.07

Notes: 1) Includes only credit unions that are regulated by SUGEF (assets of 1.266 billion Costa Rican colones or more); 2) stated in billion Costa Rican colones; 3) includes the three state-owned commercial banks: Banco Crédito Agrícola de Cartago, Banco de Costa Rica, and Banco Nacional de Costa Rica; 4) the financial sector of Costa Rica comprises other players than credit unions, state-owned, and private-sector banks

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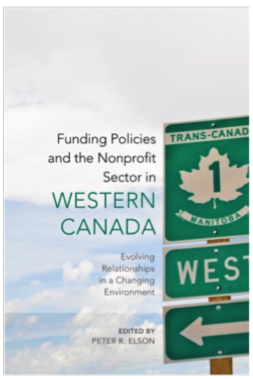
Book Review

By Julie Zatzman



Funding Policies and the Nonprofit Sector in Western Canada: Evolving Relationships in a Changing Environment. *Edited by Peter R. Elson*. Toronto, ON: University of Toronto Press, 2016. 296 pp. ISBN 9781442637009.

Funding Policies and the Nonprofit Sector in Western Canada: Evolving Relationships in a Changing Environment is an invaluable resource to those new to the world of social enterprise in Canada, as well as to those who study it and work within it. Well researched, referenced, and indexed, it provides insight into how grants, contribution agreements, contracts, and other variants of funding instruments work, as well as a roadmap of the bewildering array of government departments, policies, and acronyms that characterize this sector in Western Canada. Overarching themes in the book include the need for greater collaboration within the nonprofit sector, more professional development, and more empirical research to support advocacy and future planning. At the same time, there is an implied caution against lifting solutions directly from the book's pages. The impact of neoliberalism on the nonprofit sector has been all-pervading, but the responses described here are products of specific provincial cultures and histories.

Why a book specifically focused on Western Canada? Editor Peter Elson doesn't directly answer this question, but points out that economic growth in the West, particularly in oil extraction dependant Alberta, has dominated the interest of economists, politicians, and job seekers in recent decades. Nearly one third of Canadians now call the West (British Columbia, Alberta, Manitoba, and Saskatchewan) home. Elson tells us that Alberta's economy has the third highest percentage share of national gross domestic product (GDP) and the highest provincial per capita GDP. However, the boom and bust nature of resource-based economies comes with consequences. Growing income inequality sits in stark relief against the backdrop of Western corporate wealth and power, and volatile economic conditions in the West have, at times, led to some of Canada's more extreme political climates. Combined, these two factors make case studies of Western nonprofit sectors valuable subjects of analysis for those interested in how these agencies adapt to ever-changing conditions.

The book includes eleven chapters by scholars, practitioners, experienced government representatives, and, in many cases, authors who are both scholars and practitioners. Discussion of the nonprofit environment in each of the four provinces begins with a historical overview that provides context to the present situation and allows readers to understand influences that have shaped government policy and nonprofit sector responses to it. These are followed by case studies of individual nonprofit agencies and organizations and include how local conditions have shaped their trajectories. For example, in British Columbia, the province's nonprofit housing sector created a shared-purpose statement that has been valuable to the process of developing new funding agreements in changing economic circumstances. In Alberta, the nonprofit sector has responded to challenges by increasing marketing and public relations, strengthening collaboration within the sector, and adding significant commercial ventures to the funding mix.

One helpful contribution of the book is its explication of the concept of "funding regimes." More than the size of budgets allocated to specific programs, the concept includes how relationships and interactions between government funders and recipients are characterized and how nonprofit agencies deliver their services, including who they serve and how work is carried out and reported. Underpinning any funding regime is the set of beliefs and attitudes guiding governments toward the provision of social services. For example, in the 1990s, Ralph Klein ushered in a mode of governance in Alberta based on business values and practices, free market capitalism, and entrepreneurism. This dramatic shift to neoliberalism was soon followed by governments led by Mike Harris in Ontario and Gordon Campbell in British Columbia. The objective was to "increase administrative efficiency, effectiveness, and accountability, more so than to maximize the pursuit of public good" (p. 74–75). The Klein policy changes impacted agency workers' "autonomy and creativity" and resulted in reduced advocacy and "citizen education capacity" (p. 90). Contrast this with the approach of the Saskatchewan government which devolved most of its responsibilities for sport, culture, and recreation to the province's lottery system. In her case study, Lynn Gidluck found that this funding regime "empowers people at the community level to shape public policy and develop innovative programs that meet the unique needs of individual communities" (p. 200) with both civil servants and community volunteers feeling a sense of ownership of the system they helped create.

By definition, a book focused narrowly on government policy will have limitations; political and economic landscapes change constantly making it impossible for such a book to be current for very long. Also, the analyses the book contains are not inherently critical. There are alternatives to the socio-economic structure of Canadian society that create the growing need for more community-centred social services, but the emphasis in this collected edition is on advocacy rather than activism for change. And the nonprofit sectors profiled here are service providers, rather than, for instance, worker or multistakeholder cooperatives or other forms of nonprofits that arguably have greater potential to transform society.

Overall, the impression of how nonprofits operate is one of an unchoreographed dance in which provincial governments—the largest source of government revenue for nonprofits—have the lead, leaving agencies scrambling to demonstrate corresponding, but effective, responses. The result has been an inconsistent patchwork of frameworks under which nonprofits must operate. As the book's authors point out, funding relationships vary not only across provincial borders, but across and within government departments. And therein lies the problem: the piecemeal, short-term, often inadequate funding that results from these conditions makes it difficult, if not impossible, to plan for the future. As Susan Phillips notes in her introduction, current funding instruments are "too standardized, and not equipped to support rapidly changing service delivery models or evolving government-nonprofit relationships. The need … is to modernize and reinvent these funding arrangements and relationships" (p. 4).

In essence, the more things change, the more they stay the same. Change, and the need to adapt to it, are constants in the nonprofit world. While the nimble and proactive responses detailed in this book concern Western Canada, they should inform and encourage the nonprofit sector throughout Canada.

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