

The Voluntary Sector's Economic Contribution

Presentation to

Funding Matters Workshop

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Overview



- **Economic Context** of the Voluntary Sector
- **Economic Value** of the Voluntary Sector
- **Economic Role** of the Voluntary Sector

Economic Context of the Sector



- **Economic Restructuring & Labour Market Trends in Canada**
- **Privatization and Marketization**
- **Commercialization**
- **Shift in Resource Base of the Voluntary Sector (Katherine Scott, 2003)**

Labour Market Trends

- “Good” & “Bad” Jobs (ECC, 1988)
- 20% Labour Force unemployed or under-employed
- Half Canadian workers earn less than \$15/hr
- 45% workforce on “flexible” vs “tenured” jobs
- Flexible jobs pay \$5 to \$8/hr less
- 53% Canadian workforce lack employment stability &/or adequate income from jobs

(Burke and Shields, *The Job-Poor Recovery*, 1999)

Privatization

Impact of **expanded market role** and **reduced government role** on voluntary sector:

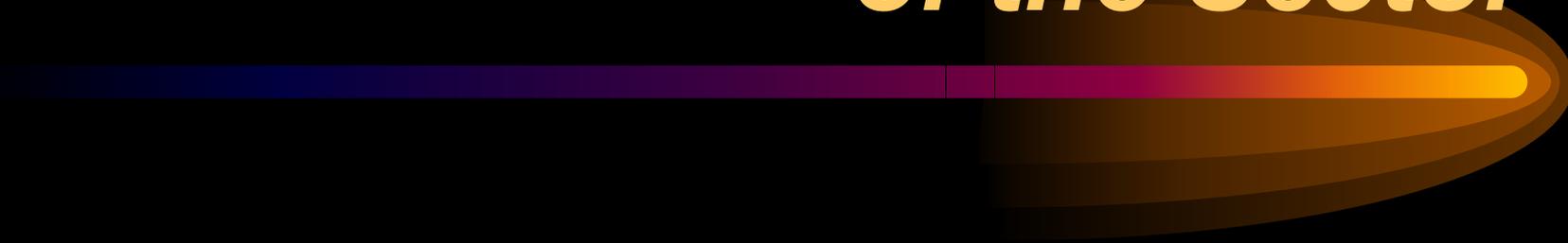
- Service transfers to voluntary sector and new pressures by policy, by default (“**downloading**”), and by consequence (“**side-loading**”)
- Sector expected to adopt market business practices for greater efficiencies (“**marketization**”)
- Sector expected to compete with for-profit service providers (“**commercialization**”)

The “Three-tiering” of Our Human Service System?

- High-end, exclusive **MARKET** services for consumers who can pay **PRICES**
- Mid-range, lower quality **PUBLIC** services for broad middle supported by diminished **TAX** base
- Low-end, **COMMUNITY** services for poorest delivered by non-profits more dependent on private **CHARITY**

(SPCMT, *Merchants of Care?*, 1997)

Economic Value of the Sector



- **Employment**
- **Economic Base**
- **Contribution of Volunteer
Time & Talent**

Scale of Employment in the Voluntary Sector

- 900,000 employees in 58,100 workplaces
- Mostly “small” workplaces in the sector
(73% >10 employees – similar to
for-profit sector where 74% > 10
employees)
- Comparable to total employment in oil and
gas, mining and construction industries

(McMullen and Scellenberg, *Mapping the Non-Profit Sector*, CPRN, 2002)

Quality of Employment in the Voluntary Sector

- Lower wages (\$2.00 to \$4.00 lower median hourly wage than for-profit sector) for a workforce more educated than for-profits
- Non-wage benefits more accessible in larger non-profits, esp. permanent employees
- Higher temporary jobs in non-profit than for-profit (14% vs 8%) and higher part-time jobs (25% vs 13%)

(McMullen and Scellenberg, *Job Quality in Non-Profit Organizations*, CPRN, 2003)

- Mostly WES findings confirm conclusions of 1996 HRDC study that sector reflects “bad jobs”

(Browne and Landry, *The “Third Sector” and Employment*, HRDC, 1996)

Economic Base

- \$40 - \$90 billion annual revenues in charitable sector
- \$9 billion to voluntary social services sector – almost equivalent to Canadian transportation sector
- \$22.1 Billion in payroll expenditures annually (6.6% of “private” market sector)
- Value of voluntary sector assets in 1994
\$44 - \$78 billion

(Hall and MacPherson, “A Provincial Portrait of Canada’s Charities”, CCP, 1997; Dreesen, “What We Should Know About the Voluntary Sector and Don’t”, *isuma*, 2001)

Contribution of Volunteers

- **6.5 million** volunteers in 2000 (one in four Canadians) – 20% in social services – 26% in arts, culture and recreation
- **1.05 billion** volunteer hours annually – equivalent to 549,00 full-time jobs
(25% of volunteers -- 73% of all hours)
- 67% volunteers employed, but 30% not in labour force & 4% unemployed contributed more volunteer hours on average
- Relationship between infrastructure and volunteer support

(Canadian Centre for Philanthropy, *National Survey of Giving, Volunteering and Participating*, 2000)

Economic Role of the Sector



Several future scenarios for the sector:

- Marginalized, residual role within a polarized and highly fragmented society focusing on charitable service mission
- Integral role as part of inclusive and cohesive society, making a social, cultural and civic contribution

Marginal, Residual Role for the Sector

“Another choice is available – one that could help **provide a *cushion against*** the increasingly harsh blows imposed by the ***technological juggernaut*** of the Third Industrial Revolution. With the employed having more time at their disposal and the unemployed having idle time on their hands, the opportunity exists to harness the unused labor of millions of people toward constructive tasks ***outside*** the private and public sectors. The talents and energy of both the employed and unemployed . . . could be effectively directed toward rebuilding thousands of local communities and creating a third force that flourishes ***independent*** of the marketplace and the public sector.”

(Rifkin, *The End of Work*, New York, 1995)

Integral, Valued Role for the Sector

“Clearly, the third sector is in no position to supplant or replace government. However, it plays a vital role in **complementing** services provided directly by government.”

(Leduc Browne and Landry, 1997)

“Government-run services and programs and not-for-profit community-based agencies work **interdependently** to deliver a full range of social infrastructure supports necessary for maintaining healthy, vibrant, and supportive communities. . . . **In addition to its service role**, community organizations also make critical contributions to community cohesion and economic well being through the **mobilization of volunteers and the promotion of civic participation.**”

(Clutterbuck and Howarth, *Toronto's Quiet Crisis*, CUCS, 2002)

Possible Policy Implications

- Invest in infrastructure and stability in the voluntary sector
- Recognize the sector as an investment partner
- Adopt appropriate measures for the sector's "return on value"
- Strengthen the human resource capacity of the sector
- Capitalize on features particular to the sector

Social Planning Network of Ontario (SPNO)

The SPNO is a network of 20 independent, community-based social planning organizations across the province. The SPNO exists to strengthen the capacity of social planning organizations to improve the quality of life and social well-being of their communities.

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