



Alternative Service Delivery Project Research Bulletin

Great Expectations: The Ideal Characteristics of Non-Profits

The Canada West Foundation's Alternative Service Delivery Project (ASDP) was initiated to increase understanding of, and stimulate debate about, Canada's non-profit sector, its relations with the state, and its role in the delivery of social services.

Drawing on data collected from 72 non-profit social service agencies from July 1998 to January 1999, this research bulletin discusses the qualities that, in theory, give them a comparative advantage over other service providers and/or enable them to achieve their objectives.

The Alternative Service Delivery Project is one of a number of research projects funded by the Kahanoff Foundation, and collectively known as the Non-Profit Sector Research Initiative. The Initiative was established by the Kahanoff Foundation to promote research and scholarship on non-profit sector issues and to broaden the formal body of knowledge on the non-profit sector. The Initiative works to increase understanding of the role that non-profit organizations play in civil society and to inform relevant public policy.

I. Introduction

Voluntary organizations invoke images of community, neighbour-helping-neighbour, and civic dependability – images which have exerted a powerful influence on popular support of this sector. The contemporary reality, however, is that these organizations are playing an increasing role in delivering social services on government's behalf under purchase-of-service agreements.

– Josephine Rekart¹

It is generally assumed that the non-profit sector² possesses characteristics or produces outcomes that – in theory at least – set it apart from both the state and the for-profit sector. These include comparative advantages over other service providers, limitations as individual organizations and as a delivery system, and the generation of social by-products such as volunteerism.

Understanding the characteristics of non-profits – their strengths and weaknesses – is necessary given the current popularity of the argument that non-profits are the solution to many of the welfare

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state's problems.³ It is also necessary at a time when governments across Canada and around the world are restructuring their partnerships with the non-profit sector.

What are the strengths and weaknesses of non-profits? What makes them special? What conditions need to be in place for them to be effective? Answers to these questions depend, in part, on the perspective and priorities of the person being asked. For example, a member of the public service charged with developing a less expensive and more effective social program may stress the cost-effectiveness of non-profits whereas a researcher studying the generation of social capital may stress the use of volunteers.

Answers to the above questions are important for three reasons: (1) they illustrate why non-profits are seen by many as an attractive alternative to government and for-profit service providers (especially in the area of social services); (2) they present theories that can be tested in the field to see if the actual traits match the theoretical ones; and (3) they can be used to compare the expectations of, for example, researchers, government officials, and non-profit sector employees. The latter point is particularly important because comparing the way non-profits see themselves with the way others see them will help bring theory in line with practice. It will also provide some advance warning of potential trouble spots in the relationship between the state and the non-profit sector.

Comparing the way non-profits see themselves with the way the state and others see them will help bring theory in line with practice and provide some advance warning of potential trouble spots in the relationship between the state and the non-profit sector.

With this in mind, a survey of non-profit social service agencies operating in two areas (counseling, crisis and emergency shelter service for women, and services for children and youth) conducted as part of the Canada West Foundation's **Alternative Service Delivery Project (ASDP)** included the following question:

What, in your opinion, are the key characteristics of an ideal non-profit social service organization?

This bulletin reports the answers to this question provided by the 72 executive directors that completed the survey.⁴ (The views of government officials on the characteristics of non-profits will form the basis of future ASDP reports.)

Given the focus of the ASDP on non-profits that deliver social services, this bulletin discusses the characteristics of *non-profit social service agencies* rather than non-profits in general. Nonetheless, much of the discussion that follows can be applied to other types of non-profits and sheds light on the issues faced by the non-profit sector as a whole.

II. Key Attributes Associated With Non-Profits

Before discussing the results of the survey, it is useful to outline the characteristics and social by-products *commonly associated* with non-profit social service organizations. It is also useful to list the organizational traits that facilitate the effective operation of non-profits, help preserve their unique qualities, and enable them to perform the social roles that go beyond their service delivery function.

Although not exhaustive, the inventory that follows includes the organizational features and social by-products that tend to come up in conversations about non-profit social service agencies and is not, for the most part, based on systematic empirical observation. It is not clear, therefore, how many non-profit social welfare agencies exhibit these traits.⁵

The inventory is divided into three broad categories: (1) service delivery advantages and disadvantages; (2) social effects generated by non-profit activity; and (3) prerequisites of effective organizations. The categories are not watertight and many items included in one may fit just as well in another. The use of volunteers, for example, is a comparative advantage, a positive social by-product, and a means by which an organization can stay in touch with its community and generate grassroots support for its activities.

(1) Advantages and Disadvantages of Non-Profit Social Service Agencies

The service delivery advantages and disadvantages of non-profit social service organizations are usually cast in terms of what they have to offer compared to the state or the for-profit sector. For example, it is argued that non-profit service delivery is *less* bureaucratic and *less* expensive than government delivery or that non-profit social service agencies are *more* committed to helping people in need than for-profit businesses offering the same service.

It is important to keep in mind that some of the advantages become disadvantages if non-profits are seen, not as individual organizations, but as a *system* of service delivery intended to replace the state system. An example is useful: the local basis of many non-profit social service agencies is often seen as an advantage because it increases their awareness of local needs and, in turn, facilitates their ability to respond to them. This may be seen as a disadvantage if agencies are asked to deliver a province-wide service that requires a significant degree of coordination among the various providers to ensure that it is consistent and equitable.

It is worth repeating that the traits listed below are not necessarily an accurate reflection of reality; they are generalizations based, for the most part, on anecdotal evidence and expectations about what non-profits are *supposed* to be like. The degree to which agencies exhibit the traits varies on a case-by-case basis (e.g., some agencies are non-commercial while others engage in extensive commercial operations, some agencies use volunteers while others do not, some agencies are particularistic while others try to serve a broad clientele, etc.). Moreover, noting advantages and disadvantages based on differences (real or perceived) between public institutions and non-profit organizations is not intended to make governments into villains and non-profits into heroes.

Service Delivery Advantages:

- Able to react quickly to new and emerging needs
- Accountable (to their community, donors, board, volunteers, and clients)
- Adjust services to the needs of clients rather than bureaucratic or political priorities
- Attract staff committed to a cause/helping others
- Aware of local strengths and weaknesses, and local issues and concerns (more "in touch")

"Governments have great expectations for the voluntary sector. It is anticipated that voluntary organizations will enliven a spirit of community, foster a sense of self-sufficiency, provide new avenues for training the unemployed and deliver services in a cheaper, less bureaucratic and more targeted way."

– Susan D. Phillips⁶

The degree to which agencies exhibit these traits varies on a case-by-case basis.

- Flexible (e.g., in their use of resources, in their approach to the unique circumstances of clients, in their reactions to demographic shifts, etc.)
- Freedom of action (able to act without taking into account the needs of society as a whole, the constraints of legislation, or taxpayer preferences)
- Innovative (willing and able to try new or unusual methods)
- Less expensive than government (in part because of historically low labour costs in the non-profit social service sector and the availability of volunteer labour)
- Non-bureaucratic
- Non-commercial (focus is on helping people rather than business activities)
- Offer citizens choices (less standardization yields more options)
- Responsive to the needs of the community they serve
- Small and community-based/close proximity to clients
- Specialized (well-suited to serve clients with highly specialized needs, who are ineligible for/unlikely to use government services; able to assist people whose lifestyles do not conform to mainstream norms)
- Strong "human" element (through use of volunteers, personal contact with staff, community outreach)
- Trustworthy (no incentive to cut corners to increase profits, profits are reinvested to advance the mission, tradition of service before personal gain, respected by clients and community)
- Use of volunteer labour (for governance, fundraising, support functions, and service delivery)

It is argued that these advantages enable non-profits to deliver high quality social services that are better and/or less expensive than services delivered by the state. Hence, the appeal of contracting out government services to non-profit providers.

Service Delivery Disadvantages

- Ad hoc response to needs
- Amateur (run by people "just trying to help out"; tasks performed by untrained volunteers)
- Dependent upon temporary/haphazard charitable impulses and giving
- Difficult to monitor (monitoring costs are imposed on both governments and non-profits)

- Inconsistent or insufficient service standards
- Inequitable (uneven or restricted access)
- Insufficient resources
- Lack of democratic/public accountability (when public dollars are involved)
- Lack of system-wide planning and co-ordination
- No profit motive (reduces efficiency)
- Non-universal (particularistic)
- Overlap and duplication of services
- Paternalistic
- Small scale/local
- Uncoordinated (not a "system," a collection of idiosyncratic organizations operating largely independent from one another)
- Uneven distribution of expertise/qualifications among agencies
- Uneven geographic distribution of agencies (leads to access problems and creates duplication)

Based on these disadvantages, it has been argued that the delivery of social services by non-profits is an insufficient method of meeting social needs and, in turn, that the state must step in to overcome these disadvantages.⁷ In this regard, Lester Salamon identifies four major limitations of non-profits that necessitate government involvement: philanthropic insufficiency; philanthropic particularism; philanthropic paternalism; and philanthropic amateurism.⁸

Insufficiency refers to the inability of non-profits to raise resources "adequate enough and reliable enough to cope with the human-service problems of an advanced industrial society."⁹ *Particularism* describes the tendency of non-profits to serve those groups that fall within their declared mandates instead of providing or redistributing resources equally throughout the population. *Paternalism* occurs when community needs are defined by those in command of the charitable resources. *Amateurism* refers to the tendency of some non-profit organizations to be unprofessional and nonsystematic in their modes of operation.

In short, for all its strengths the voluntary sector has a number of inherent weaknesses as a mechanism for responding to the human-service needs of an advanced industrial society....

Significantly, however, the voluntary sector's weaknesses correspond well with government's strengths, and vice versa. Potentially, at least, government is in a

"...neither the replacement of the voluntary sector by government, nor the replacement of government by the voluntary sector, makes as much sense as collaboration between the two."

– Lester Salamon¹⁰

position to generate a more reliable stream of resources, to set priorities on the basis of a democratic political process instead of the wishes of the wealthy, to offset part of the paternalism of the charitable system by making access to care a right instead of a privilege, and to improve the quality of care by instituting quality-control standards. By the same token, however, voluntary organizations are in a better position than government to personalize the provision of services, to operate on a smaller scale, to adjust care to the needs of clients rather than to the structure of government agencies, and to permit a degree of competition among service providers.¹¹

As Salamon suggests, the key task is to find a balance between the strengths and weakness of the state and the non-profit sector and, in turn, minimize the comparative disadvantages of non-profits and maximize their comparative advantages. Few would argue that the non-profit sector can *replace* the state and provide the level and range of services Canadians expect.

(2) Positive Social By-Products of Non-Profit Social Service Agencies

Delivering services is not the only way that non-profit social service agencies contribute to society. Non-profits, it is argued, generate a number collateral effects or social by-products that make them more than the sum of their service delivery parts. For example, non-profits encourage, and provide an outlet for volunteerism. In this way, they facilitate the civic engagement needed to "make democracy work."¹² As a result, when governments fund non-profits, they are not only supporting the delivery of specific services, but the generation of positive social by-products as well.

It is worth noting that some see the non-profit sector in a more negative light. According to this school of thought, relying on the community to address social needs and issues is inferior to a state system based on universal programs and equal access.¹³ Voluntary action provides an excuse for governments to shirk their responsibilities and perpetuates a primitive system based on "charity" rather than "entitlement."

While many still see the need for government funding, this argument has largely gone out of vogue for two reasons: (1) the widespread lack of faith in the ability of government to effectively address social problems; and (2) increased recognition of the value of community action and non-profit service delivery. Even if the welfare state is seen as superior to a system based on private action, the positive social by-products generated by non-profits and the value of non-profit activity as a supplement and/or complement to state services remains intact.

As is the case with the service delivery advantages and disadvantages noted above, the list of social by-products that follows is not meant to suggest that all non-profit social service organizations produce these side-effects. It is meant, rather, as a compilation of the of many "extras" often associated with non-profit activity.

- Community action and community responsibility (people helping people)
- Empathy for others
- Increased awareness of social needs and issues

"Social capital is critical to prosperity and to what has come to be called competitiveness, but its more important consequences may not be felt in the economy so much as in social and political life."

– Francis Fukuyama¹⁴

- Mediate between the state and individuals (e.g., humanize and increase community input into government programs)
- Outlet for social diversity/pluralism (greater choice)
- Social Capital/Trust ("the ability of people to work together for common purposes in groups and organizations"¹⁵)
- Social change, debate, experimentation
- Social interaction and community involvement (civic engagement)
- Voice for disadvantaged groups and citizens with special needs/interests (advocacy)
- Volunteer activity (encourage and channel)

(3) Organizational Traits of Effective Non-Profit Social Service Agencies

We have listed what makes non-profits special and the traits that set limits on what they can do. There is another list that identifies the prerequisites of an effective organization – the traits that enable non-profits to function and, in turn, exhibit their advantageous characteristics and produce positive social side-effects. For example, without adequate funding, a non-profit will not be able to react to the community needs it identifies or experiment with new approaches.

- Accountability (to clients, to the community, to the state, to supporters)
- Adequate funding
- Appropriate pay for workers
- Autonomy (independence)
- Clear mandate
- Community integration (partnerships with other service providers and businesses)
- Community support and involvement (volunteers, donations, grassroots support)
- Creative and resourceful
- Good governance (effective board)
- Good reputation in the community (respect, high profile)
- High service delivery and outcome evaluation standards
- Quality staff

"These are challenging times for the nonprofit sector. While voluntary organizations struggle with the immediate challenge posed by government funding restraints and rising demands for their services, the nonprofit sector as a whole is facing increased pressures to establish its identity and carve out its longer term role in relation to governments and for-profit providers of services."

– Ronald Hirshhorn¹⁶

- Service-focused
- Sound fiscal management
- Stable funding
- Strong values (commitment)

III. The Ideal Non-Profit According to Executive Directors

In order to get a sense of the elements of non-profit activity that actors within the sector see as important, the executive directors of 72 agencies were asked to describe the "key characteristics of an ideal non-profit social service organization." In many cases, respondents turned the question inward and commented on the most important aspects of their own organizations. (Respondents were not presented with a list of characteristics. They were asked, rather, to provide spontaneous responses based on their own experiences and opinions. It is also important to note that respondents were not asked to comment on the disadvantages of non-profits.)

This section discusses the characteristics cited *most often*, or identified as *particularly important*, by the 72 respondents – it is not a complete list of their responses. The characteristics identified by the respondents tend to fall into one of four general categories: (1) community relations; (2) flexibility and innovation; (3) accountability; and (4) prerequisites of effectiveness (see Figure 1).

Community Relations

Respondents felt strongly that the *passionate commitment to clients and community* is the sector's strongest quality and a defining characteristic of an "ideal" non-profit social service organization. The most frequently mentioned characteristic of an ideal non-profit was responsiveness to clients and community. The ideal non-profit derives its direction from, and owes its allegiance to, the community it serves. By so doing, it *earns* the respect of clients and local residents and a good reputation in the community.

Respondents stressed the importance of avoiding the negative trappings of bureaucracy and, instead, focusing on service delivery and the needs of clients (e.g., "the shape of the services should be based on the unique characteristics of [the community in question]" and "the majority of funding should be used to provide services to clients").

There was general consensus among respondents that non-profits should be "grassroots organizations" that are "forward looking and proactive" and able to establish and maintain "good working relationships with other agencies and with business." It was also stressed that non-profits should be "helping agencies" and "should not be seen as government organizations."

The use of volunteers was not, for the most part, mentioned by respondents as an ideal characteristic of non-profit organizations. However, the more general notion of volunteerism was captured by repeated references to the importance of community support and community ownership (e.g., non-profits need "a strong contingent of well-trained volunteers" and should be "run by the community and have a volunteer board").

"We certainly are more flexible in terms of dealing with need. For instance, we don't have a housing office on site, but we would deal with these issues with any client if it was called for. So something like that could be addressed quite quickly."

– Survey Respondent

Figure 1 A View From the Inside

The characteristics of the ideal non-profit social service organization mentioned most often by executive directors fall into four main categories:

Community Relations

- responsive to clients and community
- focused on serving clients (non-bureaucratic)
- grassroots support (including volunteers)
- involved in partnerships with local non-profits and for-profits

Flexibility and Innovation

- flexible approach to internal operations and service delivery
- willing to take risks and try new things
- creative and resourceful

Accountability

- responsible managers
- accountable to clients, the community, governments, and donors
- sound fiscal management

Prerequisites of Effectiveness

- strong values and clear goals
- good governance (effective board, knowledge of business practices)
- stable funding
- significant degree of autonomy
- quality staff and the resources to pay them properly

Source: 1998 ASDP Survey (N=72). This list is not an exhaustive account all responses, but a summary based on recurring themes.

"I think that we are responsible as a non-profit.... There is absolutely no fluff in the organization and the bulk of the money is spent on programs. You can very clearly see that it has not slid over into capital or equipment or nice buildings. You walk in our door and you know that we are spending the money on programs. That is not the case in government organizations and there is a real distinction there, in terms of how we look. I think this acts in our favour in terms of really reaching the community."

– Survey Respondent

The need to remain in touch with the changing needs of a community and act as a "pioneer" were identified by many of the respondents as critical characteristics. Non-profits should, for example:

- "reach out in various ways, and maintain a connection with the community";
- "be sensitive to local needs";
- "deliver an array of services that are client-oriented and unique."

A non-profit's "ability to engage in community partnerships" and experience the benefits of "inter-agency coordination of service delivery" were also suggested as ideal characteristics. For instance, an agency that has a clear understanding of its mandate will be able to "work in partnership with other organizations so that services are not duplicated."

Flexibility and Innovation

The ability of non-profit organizations to be more flexible than government or their for-profit counterparts was a key theme. The ideal non-profit is able to adapt to the unique

circumstances of its clients and apply resources from one program area to another. As one respondent suggested, a non-profit agency should be both "flexible in how financial resources are used and how programs are delivered."

It was argued that, to be flexible, non-profits must take risks: "non-profits can't do everything by-the-book. Nobody comes in with by-the-book issues; therefore, you need to be flexible and a risk-taker (as long as you are not spending money that you shouldn't be or hurting people)."

Numerous respondents felt that the ability to be innovative was a fundamental characteristic of non-profits (e.g., "if you are a small non-profit, then it is essential to be innovative and resourceful" and "the ideal non-profit would use innovative methods to respond to needs").

Others perceived innovation as a characteristic that keeps an organization "on the edge" and exciting despite the fact that the impetus for innovation may be a lack of resources ("you have to be flexible and creative because you do not have [enough resources], and you need to maintain this motivation. At the same time, you need to be funded at a better rate – a 'Catch-22' is created").

Accountability

Accountability is one of the most important buzz words confronting the non-profit sector. The purpose of having accountability mechanisms in place is to ensure that the goals of an organization are met and that public and private funds are used for their stated purposes and yield reasonable outcomes. Accountability can also be framed as a constructive tool for self-evaluation, strategic planning, and overall organizational development. Non-profit social service organizations use a range of accountability methods – some imposed by external agencies and some imposed by the organizations themselves. These range from legal frameworks, government regulations, stewardship, professional standards, codes of ethical conduct, accreditation, and outcome-based assessments of services.

Survey participants felt that non-profits must have responsible managers and must be "accountable to their communities and funding agencies." The executive director of a multi-service agency stated that "because we are a non-profit social service agency, we have an elevated commitment.... You are more concerned with your reputation and you have to keep working on a good reputation." The need for sound fiscal management was also stressed.

Prerequisites of Effectiveness

The need for "strong values and a strong philosophical base," a "well defined mandate and practical mission statement," and clearly defined goals were mentioned by numerous respondents. In addition, the ideal non-profit social service organization would have a "clear model of governance and management" and be "clear and focused regarding management and personnel policies so that it can be run like a business." The insertion of business practices into the non-profit sector was advocated by some respondents who felt that the ideal agency would be "one that operates like a business and serves customers."

In order to facilitate the smooth operation of a non-profit agency, many respondents referred to a strong and effective board of directors as an ideal characteristic. The board should be "dedicated, interested, enthusiastic, and diverse," and it should "represent the community." The board should have "political acumen [and] needs to be made up of people with skills, contacts, and resources that are needed by the organization."

"Non-profits should be 100% funded so they are not always struggling."

– Survey Respondent

Another operational characteristic cited as necessary for maintaining an effective organization was "guaranteed ongoing funding" or "core funding." This type of funding would introduce an element of stability and improve an organization's ability to plan ahead. The executive director of a women's emergency shelter related that there "should be enough money or [non-profits] have a big problem – they are stretched to the limit and this impacts how well the services can be provided and how well things are managed." Other respondents pointed to the need for "financial resources to hire quality people and retain staff" and that non-profits "should not have to waste person hours on fundraising." However, at least one respondent saw a tension created by stable funding: "ideally, non-profits would be funded at a rate that would maintain them without having to do a lot of fundraising or paying staff low wages, but on the other hand, this is part of what makes a non-profit successful at times – it is because it is limited."

An agency "that works with government to provide the best possible service" and has a positive relationship with its donors were key themes. Yet, the ideal non-profit was also repeatedly described as "independent of government values" and at "arms length from government." A good working relationship with the state must, in other words, be combined with a significant degree of autonomy and independence. The ideal non-profit is "managed by service users, not government." The linkages between autonomy, flexibility, and community relations were also highlighted. As one respondent noted, "policies must be flexible enough to provide services to local people."

The needs and characteristics of employees were also seen as critical components of an effective non-profit. The ideal agency would not only possess qualified staff, but would also "ensure adequate opportunities for the staff including training and adequate funding to do the work." As well there should be a "positive working environment for staff as not all non-profits are recognized or compensated for their work." The director of a children's agency felt that the "commitment of the staff is substantially greater [in the sector] and is reflected in the fact that they stay on board - the salaries are lower but they stay anyway."

IV. Concluding Comments

Do the views of survey participants fit with the popular image of non-profits? *Yes.* The results suggest that the *raison d'être* of non-profits is their community orientation. Respondents see non-profits as more than mere arms of the state and argue that they have something special to offer. The importance of various forms of community responsiveness and creativity were stated time and again, and both are intimately related to the service delivery advantages and social by-products attributed to the non-profit sector.

It is also interesting that individuals responsible for the day-to-day operations of non-profits stressed the importance of *operational* factors such as an effective board, clear goals, and stable funding. The general agreement among respondents that non-profits need to be accountable is also notable. However, being accountable *to clients and the community* as well as to governments and donors was a primary concern expressed by the survey participants and highlights the community orientation of non-profit social service organizations.

"...the way that services have evolved is that the public sees them as extensions of government or sees them as government. Sometimes there is only one gateway to the services and that is through a government referral. This makes it very difficult for people to take control and access services as they wish to."

– Survey Respondent

Notes

1. Josephine Rekart, *Public Funds, Private Provision: The Role of the Voluntary Sector*, Vancouver: UBC Press, 1993, page 143.
2. Also known as voluntary or third sector organizations, non-profits are defined in *The Social Work Dictionary* as organizations "established to fulfill some social purpose other than monetary reward to financial backers" (Barker, Robert L., Third Edition. Washington, DC: National Association of Social Workers, 1996.) The non-profit sector includes, for example, professional associations, arts groups, churches, research institutes, homeless shelters, and trade unions. The ASDP is concerned with the sub-set of non-profits that deliver social services, often called *social service or social welfare agencies*. For the purposes of this and other ASDP research bulletins, hospitals and universities are not considered social service agencies.
3. As Rekart argues, support for an expanded role for the non-profit sector spans the ideological spectrum. The right (or New Right as Rekart refers to it) believes that the welfare state's problems stem from the red tape and overspending on social programs associated with the collectivist approach to solving social issues, insufficient attention to individual rights and responsibilities, and a lack of confidence in the ability of the market to address social and economic problems. The left, on the other hand, argues that the welfare state has failed to deliver on its promise of social equality. Despite these differences, both sides concur that the welfare state that has evolved since the mid-twentieth century is in decline and both support a larger role for the community to compensate for the deficiencies of the welfare state. See Josephine Rekart, *Public Funds, Private Provision: The Role of the Voluntary Sector*, Vancouver: UBC Press, 1993, chapter 1.
4. For a detailed account of the survey method, see Susan McFarlane and Robert Roach, *Making a Difference: Volunteers and Non-Profits*, ASDP Research Bulletin #2, Canada West Foundation, 1999. Copies are available from the Canada West Foundation and may be downloaded free-of-charge from the Foundation's web site (www.cwf.ca).
5. The ASDP is helping to fill this void by gathering empirical information about the nature and activities of non-profit social service agencies and their relations with government. Findings to date suggest that non-profit social service agencies tend live up to their image and exhibit many of the characteristics associated with non-profits. However, the findings also suggest that it is difficult to maintain and nurture these characteristics and that close relations with government, despite many positive aspects, create tensions that have to be overcome. More work has to be done on this and other topics.
6. Susan D. Phillips, "Redefining Government Relationships with the Voluntary Sector: On Great Expectations and Sense and Sensibility," A Discussion Paper Prepared for the Round Table on the Voluntary Sector, November 1995, page 29.
7. There are a number of roles that can be played by the non-profit sector after the state steps in: it can provide services that supplement those provided by the state (this is sometimes referred to as the "parallel bars" model); it can provide services in areas that the state does not (this is often called the "extension ladder" model); and it can deliver services on the state's behalf (this is known as the "third-party government" or "contract" model). In the latter instance, a mixed system of service delivery is common with some services delivered directly by the state and others delivered by non-profits and for-profits that receive government funding. In theory, the state remains responsible for central planning, and for the setting and monitoring of standards (i.e., steering instead of rowing). All three models apply to Canada's system of social services.
8. Lester M. Salamon, "Of Market Failure, Voluntary Failure, and Third-Party Government: Toward a Theory of Government-Nonprofit Relations in the Modern Welfare State," *Journal of Voluntary Action Research*, 16, 1987, page 39.
9. *Ibid.*
10. *Ibid.*, page 42.
11. *Ibid.*
12. See Robert Putnam, "Bowling Alone: America's Declining Social Capital," *The Journal of Democracy* 6:1, January 1995. Although Putnam focuses on "secondary associations" such as bowling leagues, the Boy Scouts, and the Lions, his argument applies to non-profit social service organizations that engender "social connectedness." For a discussion of the importance of a healthy and dynamic civil society (including non-profit organizations) to liberal political and economic institutions, see Francis Fukuyama, *Trust: The Social Virtues and the Creation of Prosperity*, London: Penguin Books, 1995.
13. Samuel A. Martin, *An Essential Grace: Funding Canada's Health Care, Education, Welfare, Religion and Culture*, Toronto: McClelland and Stewart, 1985, page 27.
14. Francis Fukuyama, *Trust: The Social Virtues and the Creation of Prosperity*, London: Penguin Books, 1995, page 355.
15. *Ibid.*, page 10. See also James S. Coleman, "Social Capital in the Creation of Human Capital," *American Journal of Sociology* 94, 1988.
16. Ronald Hirshhorn, editor, *The Emerging Sector: In Search of a Framework*, Ottawa: Canadian Policy Research Networks, 1997, page 1.



The Alternative Service Delivery Project Logo: The image of a modern windmill symbolizes the project's examination of alternative methods of delivering social services. Just as wind power is an alternative to other sources of energy, the non-profit sector is an alternative to government. The map of the world points to the fact that government funding of non-profits to deliver social services is not unique to Canada, but a common feature of welfare states around the world.