FACT SHEET

CAPTURING THE COMPLEXITY
How the Ontario Government Interacts with the Social Economy

Social Economy Fact Sheet #21

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Birds' Eye View

In Ontario there are:

- 45,360 nonprofit and voluntary organizations, including registered charities and non profits;
- Annual revenues (2006) reached $47.7 billion;
- 950,000 employees
- 7.8 million volunteers
- 1,900 co-operatives, credit unions and caisses populaires with over 2.3 million members.

Some receive government financing, but many are autonomous market actors.

To face the challenges, social economy organizations of all shapes and sizes are rethinking their goals, adapting to a new generation of philanthropists and volunteers, striving to build core capacity to meet demands and rising expectations, and learning to compete with rival public and private agencies, as they build skills for collaboration. In this study, Queen's University researcher Kathy Brock creates a continuum for capturing the complexity of government-social economy relations and rethinking how these should function to best serve sector and citizen needs.

From Enabling to Enforcing: Expanding our Reading of Government's Role to Better Understand its Relations

In the new, 21st century environment, the traditional view of relationships between social economy organizations and government as conflictual and unequal is not useful. Indeed, relationships are shaped by each actor's functions, financing and context. They range from insular through collaborative and into mergers, and some relations actually combine different functions, each with its own characteristics.

Viewing these relations on a continuum (see Table 1) helps to clarify their main characteristics. At one end, governments are enablers, while at the other they are enforcers. Between these two extremes, attitudes range from cooperative to coercive.

This study applied a broad definition of the social economy, ranging from voluntary organizations, charities, non-profits, co-operatives, credit unions, mutual insurers, community development corporations, and other associations pursuing a wide range of social objectives.

Table 1: Continuum of Relations, Government and Social Economy Sector

State as Enabler						State as Enforcer					
Hard					Soft	Soft					Hard
Partners	Accord	Seeks out opportunity to support	Promotes common goals	Provides Information	Exhort Action Praise	Exhort Action Threat	Eligibility rules	Tied to Aid	Regulations	Legislation	Legislation penalties
Cooperative Equal	Collaborative	Benevolent	Kind	Passive	Parental	Parental	Guardian	Directive	Imposing	Mandate	Coercive Unequal

Methods

Research involved three steps:

1. A literature search to identify relationships between the state and the social economy.

2. An extensive review of Ontario government websites, literature and policy documents to identify contact points between the two sectors.

3. Rolling interviews with representatives from both sectors to deepen understanding of current relations.
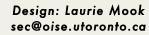
Findings

- Achieving a good balance is difficult: some highly praised initiatives, such as mandated community service for high school students, overloaded the organizations they were supposed to help.

- Forced partnerships have mixed results, but are quite common.

- Through legal controls on group governance, government is most comfortable in a traditional, sometimes coercive relationship.

The State may receive advice (collaboration) or let the social economy group make decisions as they strive to meet mutually defined goals. The state may actively support this sector, financing specific activities, thus reinforcing or limiting its independence.

In its enforcing role, the state may apply penalties or sanctions, or simply rely on legislation to enforce certain behaviours. Relationships often fall into multiple categories, for example if one part of an organization is partnering with a government department, while another sector has a more adversarial relationship. Using the continuum helps identify the different aspects of the relationship, particularly which is primary at any given time.

Two Key Aspects in Ontario

Two key features in these relationships stand out. There is no framework agreement to structure or regulate government-social economy relationships, despite a recent example set by the federal government-voluntary sector initiative (2000–2005).

Secondly, this relationship is embedded within a complex network of programs, obligations and interests.

Since the turn of the century, the government has promoted citizen volunteering more actively, but at the same time shifted away from grants toward more stringent contractual arrangements. Overall, it tends to promote the social economy. But fully equal partnerships remain rare.

The most collaborative relations occur in ministries such as Community and Social Services, Health, or Citizenship and Immigration. Examples include the *Thriving Communities* document and the *Aboriginal Healing and Wellness Strategy*. In the mid-range along the continuum, the government supports organizations and promotes common goals, through the Ontario Trillium Foundation, which provides grants; training and capacity building, such as the Ontario Community Builders program; initiatives that encourage alliances with the public sector, trisector partnerships for youth and at-risk women.

As an enforcer, the Corporations Act rules nonprofits' board governance, meetings, reporting and disclosure.

In Short: Shared Goals Make Cooperation Easier

As the Ontario government has become more embedded in society and social economy organizations more involved in public service, their ties have multiplied, creating diverse arrangements. While embracing organizations as policy participants, government officials express concerns about their accountability, legitimacy and good governance.

When are enabling and enforcement activities most appropriate for state actors in general? This research is too preliminary to develop hard criteria but permits some speculation. When addressing capacity building questions, enabling activities defined in consultation with the sector yield the most promising results.

To Find Out More

http://socialeconomy.utoronto.ca/english/project_pages/project_21.php