COMPARATIVE STUDY OF INTERNAL AND EXTERNAL STRESSORS ON OFFICIAL LANGUAGE MINORITY COMMUNITY (OLMC) DECISION-MAKING

A Mapping Exercise of OLMC Organizations in Québec, Ontario, and New Brunswick and the political and economic challenges which destabilize them

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EXECUTIVE STATEMENT

The Comparative Study of Internal and External Stressors on Official Language Minority Community (OLMC) Decision-making: A Mapping Exercise of Official Language Minority Community Organizations in Québec, Ontario, and New Brunswick and the political and economic challenges which destabilize them research goal was to provide insight over how organizations set up their internal governance and management structures, the common risks and stressors facing their organizations, and the best practices they recommended for responding to internal and external issues. The questions this report seek to answer are what are the major stresses affecting OLMC groups working on economic development, how do they manage these issues, and what can be done to limit these issues from arising in the future?

Overseen by Youth Employment Services (YES) and in partnership with the Provincial Employment Roundtable (PERT), the research project uses two methods of information collection. First, the project conducted a review of existing literature to identify major issues, as well as current best practices when it comes to non-profit and not-for-profit governance and management. Second, the project conducted twelve interviews with organizations in three provinces – six in Québec, three in Ontario, and three in New Brunswick. The interviews were confidential, and the content was analyzed to identify general patterns between the different actors. The report used the information gathered during the literature review and the interviews to create a list of general recommendations which organizations can adopt to lessen the impact of internal and external stress. The most important, based on the research undertaken, include:

- **Leadership:** Ensuring that organizations have positive and proactive leadership, both at the Board and Chief Executive Officer (CEO)/Executive Director (ED) level, which is open to constructive dialogue, open to change, and engaged in finding solutions to problems in a collaborative way with partners is critically important for the success of an organization. Choosing the right leaders, as well as providing them with the tools necessary to fulfill their roles, was seen as a best practice for limiting stress for organizations.
- **Transparency:** Organizations which are transparent with their information and processes (by-laws, policies, initiatives, etc.) were seen as more successful for limiting risks on their operations and dealing with both internal and external stress. This was especially important for multi-stakeholder initiatives, as the sharing of information was a key reason groups decided to remain partners. If information was withheld or difficult to access by an organization, they were less likely to participate.
- **Accountability:** Participants indicated that organizations which not only allowed input and oversight from community members, but encouraged it, saw fewer issues arise. Furthermore, when issues did arise, they were able to effectively deal with them through an existing consultation network.
- **Direction:** Having a clear mandate, as well as strategic plan, was crucial for ensuring that organizations stayed focused on their mission and delivered the most efficient and consistent support to their community. Groups emphasized the need to clearly outline the processes within the organization and how to reach those goals to keep the organization on track, as well as update them when required. When it came to multi-stakeholder groups or initiatives, clearly communicating the purpose of the group or initiative to partners, as well as how they sought to achieve results, was essential for ensuring participation.

- **Engagement:** Maintaining positive relationships with other groups and trying to find common ground during periods of disagreement was seen as essential for ensuring an organization's ability to fulfill its mission. Collaborative programs, when managed correctly, were crucial for pooling resources and expertise to deal with specific issues facing the community.

The recommendations contained in this report are general in their presentation and provide a broad basis of information which can aid OLMC organizations to govern and manage their operations in the face of internal and external issues. Participants indicated that governance and management of organizations is extremely difficult, and that it requires a considerable investment of time and resources to succeed. The need for additional research, especially when it comes to financial risk management, government relations, and the creation of best practices toolkits were all indicated by the participants as being needed for improving governance and management within the non-profit sector in all three provinces.

DÉCLARATION DE LA DIRECTION

L'objectif de l'*Étude comparative des facteurs de stress internes et externes exercés par la prise de décisions des communautés de langue officielle en situation minoritaire (CLOSM) : étude des organisations communautaires de langue officielle en situation minoritaire au Québec, en Ontario et au Nouveau-Brunswick et les enjeux politiques et économiques qui les déstabilisent* était de fournir un aperçu de la façon dont les organisations mettent en place leurs structures internes de gouvernance et gestion, des risques et facteurs de stress communs auxquels ils font face et des meilleures pratiques qu'elles recommandent pour répondre aux problèmes internes et externes. Les questions auxquelles ce rapport cherche à répondre sont en fait de savoir quels sont les principaux facteurs de stress qui affectent les CLOSM qui travaillent sur le développement économique, comment elles gèrent ces problèmes et ce qui peut être fait pour empêcher ces problèmes de refaire surface dans le futur?

Piloté par les Services d'emploi pour les jeunes (YES), en partenariat avec la table ronde provinciale sur l'emploi (*Provincial Employment Round Table* ou PERT), ce projet de recherche utilise deux méthodes de collecte d'informations. Premièrement, l'équipe de projet a effectué une révision de la littérature existante pour identifier les principaux problèmes, ainsi que les meilleures pratiques actuelles en matière de gouvernance et gestion. Deuxièmement, l'équipe de projet a effectué douze (12) entrevues auprès d'organisations des trois provinces – six (6) au Québec, trois (3) en Ontario et trois (3) au Nouveau-Brunswick. Les entrevues étaient confidentielles, et leur contenu a été analysé pour identifier les tendances générales entre les différents acteurs. Le rapport a utilisé les renseignements recueillis lors de la révision de la littérature et des entrevues pour créer une liste de recommandations générales que les organisations peuvent adopter pour diminuer l'impact du stress interne et externe. Les recommandations fondées sur la recherche effectuée comprennent :

- **Direction :** S'assurer que les organisations disposent d'une direction positive et proactive, tant au niveau de son conseil, qu'au niveau de son directeur général (DG) ou de son directeur administratif, qui est ouverte à un dialogue constructif de même qu'au changement et qui s'engage à trouver des solutions aux problèmes qui se présentent dans un esprit de collaboration avec ses partenaires est essentiel au succès d'une organisation. Choisir les bons dirigeants, ainsi que leur fournir les outils nécessaires pour remplir leurs rôles, a été perçu comme une pratique exemplaire pour limiter le stress dans les organisations.

- **Transparence :** Les organisations qui font preuve de transparence dans leurs informations et processus (règlements, politiques, initiatives, etc.) étaient perçues comment ayant le plus de succès pour limiter les risques dans leurs opérations et leur gestion du stress, tant à l'interne, qu'à l'externe. Ceci s'est avéré particulièrement important pour les initiatives multipartites, puisque le partage des renseignements s'est avéré une des principales raisons pour laquelle des groupes ont décidé de rester partenaires. Si les renseignements étaient retenus ou difficiles d'accès par une organisation, elle était moins disposée à participer.

- **Responsabilisation :** Les participants ont indiqué que les organisations qui ont non seulement permis la participation et la supervision de la part des membres de la communauté, mais qui l'ont encouragé, ont constaté moins de problèmes. De plus, lorsque ces problèmes survenaient, ils étaient en mesure de les régler à l'aide d'un réseau de consultation existant.

- **Orientation :** Le fait d'avoir un mandat clair, de même qu'un plan stratégique, s'est avéré crucial pour assurer que les organisations demeurent concentrées sur leur mission et propose le soutien le plus efficace et constant à leur communauté. Les groupes ont mis l'emphase sur le besoin de présenter clairement les processus dans l'organisation et comment atteindre ces objectifs pour s'assurer que l'organisation demeure sur la bonne voie, en plus de les mettre à jour lorsque nécessaire. Lorsqu'il a été question des groupes ou initiatives multipartites, le fait de communiquer clairement l'objectif ou l'initiative du groupe aux partenaires, de même que la façon d'arriver aux résultats, a été essentiel pour assurer la participation.

- **Engagement :** Le maintien de relations positives avec les autres groupes et le fait de trouver un terrain d'entente pendant les périodes de désaccord ont été perçus comme étant essentiels pour assurer que l'organisation serait en mesure de remplir sa mission. Les programmes de collaboration, lorsqu'ils sont administrés correctement, se sont avérés cruciaux pour regrouper les ressources et l'expertise pour faire face aux problèmes spécifiques de la communauté.

Les recommandations contenues dans ce rapport sont d'ordre général dans leur présentation et proposent une large base d'informations pouvant aider les CLOMS à gouverner et à administrer leurs opérations face à des problèmes internes et externes. Les participants ont indiqué que la gouvernance et la gestion des organisations sont extrêmement difficiles, et que ces organisations requièrent un investissement considérable en temps et ressources pour réussir. Le besoin d'effectuer une recherche additionnelle, particulièrement lorsqu'il est question de gestion du risque financier, de relations avec le gouvernement et de création de guides des meilleures pratiques été indiqués par les participants comment étant nécessaires pour améliorer la gouvernance et la gestion dans le secteur sans but lucratif des trois provinces.

INTRODUCTION

Youth Employment Services (YES) and the Provincial Employment Roundtable (PERT) are proud to present the research report on stressors facing Official Language Minority Community (OLMC) groups in Québec, Ontario, and New Brunswick. Over the course of four months, information was gathered from twelve participating OLMC organizations - six in Québec, three in New Brunswick, and three in Ontario – on governance, management, and issues facing their organizations.

Cultivating an understanding of the ways OLMC organizations govern themselves internally bears specific importance to the community, as it helps observers understand the different distributions of power that community groups employ to fulfill their mandates. Differences in governance structures directly affect the ways in which these organizations can manage themselves, set priorities, and service their communities. More importantly, we need to understand how these governance and management structures respond to both internal and external stressors. When it comes to external stressors, the relationship that OLMC groups have with other organizations, either through external committees or direct membership, is of particular interest.

Three main questions were focused upon:

1. What are the main economic and political stressors placed on OLMC community organizations, and how do they manifest themselves; and,
2. What are the decision-making processes within each of these organizations to respond to these stresses; and,
3. What are the major ways to limit political and economic stress on these organizations to ensure organizational sustainability?

The goal of this research is to provide OLMC groups in each of the provinces with information on the best practices for identifying stressors they may face, which can disrupt their organization's ability to fulfill their mandates, as well as how to manage these issues to ensure that stressors are effectively addressed.

While the project looks at organizations within three specific jurisdictions, the recommendations are applicable to not only other OLMC groups in Canada, but also OLMC groups in other countries which are assessing how to respond to issues and challenges facing their organizations.

PROJECT LEADS

The research project was borne out of a collaboration between Youth Employment Services (YES) and the Provincial Employment Roundtable (PERT), two non-profit organizations headquartered in Québec who are interested in employment, entrepreneurship, and economic development of the English-speaking community.

The mission of Youth Employment Services (YES) is to enrich the community by providing English-language support services to help Quebecers find employment and start and grow businesses. YES has pioneered English-language support services in the province and offers a unique, holistic and logical approach to economic prosperity for those wanting to launch or expand their business or find employment. YES' support is offered online, in the community, and in-person to entrepreneurs, artists and job seekers at all stages of their development.

The Provincial Employment Roundtable (PERT), on the other hand, brings together a network of community organizations throughout the province of Québec to respond to employment and employability issues facing the English-speaking community. PERT accomplishes this through research on

economic challenges facing the community; providing support to partners to create solutions to address said challenges; and acting as a representative with government actors when it comes to questions of employment and employability.

Together the two organizations developed a robust research design which seeks to expand knowledge on the OLMC in three Canadian provinces. These two organizations see this as a first step towards a better understanding of the unique governance and management challenges non-profits face within minority language environments. The intention is that the findings of this report will help inform the development and continual improvement of the linguistic non-profit landscape in Canada, aiding organizations to respond to governance and management challenges they are facing within their respective environments.

METHODOLOGY

The report uses a purely qualitative comparative approach to answering the research questions, primarily through a review of existing literature and interviews with participating organizations. The decision to use a comparative approach, as well as relying solely on interviews and existing literature, was made since the project is exploratory in nature. The mapping of governance and management structures within OLMC organizations in Canada has not been performed before, thus the need to identify differences and similarities as a point of departure for future research is critical.

The literature review focuses on relevant academic information on non-profit organizations (NPOs). The review looks at the most common governance structures of NPOs, common internal and external stressors facing their operations, and how NPOs effectively manage their organizations to reduce risks. The role of the literature review is to identify not only the existing research, but also best practices already identified for comparison with the interviews.

The interview portion of the report focuses on a set of questions posed to OLMC NPOs in three Canadian jurisdictions – Québec, Ontario, and New Brunswick. The questions revolve around three main question streams: identification of governance structures, major issues and challenges facing the organization, and the management of these issues and challenges. The question streams relate back to the review of the literature, as well as aid in answering the three main questions of the research project (For an overview of the questions, please see Annex 1).

Given that the content of the interviews could be potentially sensitive to the partners, as well as the request on the part of some partners to omit key portions of their interviews, the complete information from the interviews will not be made public within this report. This means that direct reference to the answers provided by representatives of the different NPOs is not provided during the analysis. When it comes to the structure of these organizations or their management practices, these are included and referenced at points.

It is also important to differentiate between issues of risk and stress facing organizations. While the organizations identified risks – expected issues which may affect their ability to fulfill their mandate – the primary focus will be on an analysis of stressors – issues which arise unexpectedly and can have an impact on an organization's ability to fulfill their mandate. The participants indicated that risks and stresses are managed differently, and that further research needs to be done in this area.

Participants

The research project is pleased to have partnerships with twelve NPOs within three jurisdictions. The report focuses on Canada as the primary national jurisdiction, particular attention being paid to three

provinces in Eastern Canada – Québec, Ontario, and New Brunswick. The decision to use Eastern Canada as a benchmark allowed for comparisons of the three largest provinces with minority language populations. According to the 2016 Canadian Census, the number of French speakers in New Brunswick was a 234,055 – 31.8% of the provincial population, whereas the population in Ontario was 550,600 – 4.1% of the total provincial population. In comparison Québec has a minority English-speaking population of 1,103,480 - 13.7% of the province's population.[1]

The selection of partners was based on the following criteria. One, partners must be an operating non-profit or not-for-profit organization with their head office within one of the three jurisdictions. Two, their mandate, in a general way, must provide support, either through services, representation, or advocacy, to the members of the official language minority community within their province. The types of activities the organizations undertake, for example providing entrepreneurship or employment services, was not directly assessed during the research, as this project was more interested in the governance structures facing the organizations rather than their activities. The difference in types of organizations are covered during the analysis portion of the project.

Furthermore, this project sought to assess the governance and management of NPOs within different regions of each of the provinces so that they are not confined to one geographic area. The goal in doing so was to offer a comparison of similarities and differences based on different minority languages, as well as ascertain if the provincial environment led to different outcomes for organizations.

Given that the analysis looks at two minority French jurisdictions and one minority English jurisdiction, selection of cases was done to provide equitable distribution of participant cases based on language. This means that there are six organizations chosen from Québec, three from Ontario, and three from New Brunswick.

The participating organizations, along with their representative for this research project include:

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[1] "Official language minority communities with at least one school in the minority language," Canadian Heritage, Government of Canada, 2016, accessed March 9, 2010, https://www.canada.ca/en/canadian-heritage/services/official-languages-bilingualism/publications/minority-communities.html

QUEBEC

English Language Arts Network (ELAN)

Montréal, Québec: Guy Rodgers, Executive Director

Committee for Anglophone Social Action (CASA)

New Carlisle, Québec: Cathy Brown, Executive Director

Voice of English-speaking Québec (VEQ)

Québec City, Québec: Brigitte Wellens, Executive Director

Community Health and Social Services Network (CHSSN)

Québec City, Québec: Jennifer Johnson, Executive Director

Townshippers' Association

Sherbrooke, Québec: Rachel Hunting, Executive Director

Neighbours Association of Rouyn-Noranda

Rouyn-Noranda, Québec: Sharleen Sullivan, Executive Director

ONTARIO

Société économique de l'Ontario (SEO)

Ottawa, Ontario : Fatima Zadra, Directrice des relations gouvernementales, communications et relations externes

Conseil de la coopération de l'Ontario (COO)

Ottawa, Ontario : Jean-François Parent, Agent principal – Responsable des opérations, Est de l'Ontario

Centre francophone du grand Toronto

Toronto, Ontario: Florence Ngenzebuhoro, Executive Director

NEW BRUNSWICK

Place aux compétences (PACNB)

Shediac, New Brunswick: Suzanne Gagnon, Directrice de Place aux compétences et du Programme des élèves internationaux

Dialogue NB

Moncton, New Brunswick: Nadine Duguay-Lemay, Chief Executive Officer

Réseau de développement économique et d'employabilité du Nouveau-Brunswick (RDEE)

Paquetville, New Brunswick: Johanne Lévesque, Directrice

LITERATURE REVIEW

Dobkin Hall provides the following definition of and NPO: "a body of individuals who associate for any three purposes: (1) to perform public tasks that have been delegated to them by the state, (2) to perform public tasks for which there is a demand that neither the state nor not-for-profit organizations are willing to fulfill or (3) to influence the direction of policy in the state, the for-profit sector or other non-profit organizations."[2] NPOs are vital elements of the current socio-economic landscape, providing essential services to the communities in which they operate. However, NPOs live an existence defined or influenced by government funding cycles, often leaving them in situations where they are expected to do more with less. Cuts to government funding programs can be particularly impactful, and some NPOs have been forced to close their doors as a result.

In this type of environment, NPOs are increasingly prioritizing risk management planning or strategies in order to mitigate or eliminate potential risks to their organizations. The following review presents a critical analysis of scholarly articles about NPOs and risk management.

This review is divided into two main sections. The first section examines the most common types of internal and external stressors that NPOs may encounter, with a particular emphasis on financial risks and the consequences of failing to anticipate them. In this instance, risk is defined as: "unexpected events and factors that may have a material impact on an organization's finances, operations, reputation, viability, and ability to pursue its mission."[3]

The second section provides recommendations on the best practices for NPO risk management, particularly with respect to good governance, research, and planning. A solid foundation is necessary for any type of risk management, which is why it is necessary for NPOs to select governance models and strategies that are appropriate to their circumstances. Boards are particularly important, and proper care must be taken to ensure diverse and inclusive boards, since they are the most responsive and adaptable. New research also suggests that network management (defined as promoting the cooperation of multiple diverse actors and organizations (and their strategies) towards solving joint problems) plays a key role in good governance.[4] Once a solid foundation is in place, NPOs can move on to research and planning. While NPOs do gather a significant amount of data, this data is not necessarily relevant to their mission nor is it used effectively. However, effective data collection and research is essential for risk management, allowing NPOs boards to move to the final step in risk management: planning. The ability to make

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[2] Peter Dobkin Hall, "A Historical Overview of Philanthropy, Voluntary Associations, and Nonprofit Organizations in the United States, 1600–2000," in *The Nonprofit Sector: A Research Handbook*, ed. Ian W. Powell (New Haven: Yale University Press, 1987), 3. Cited in Sahar Bahmani, Miguel-Ángel Galindo, and María Teresa Méndez, "Non-Profit Organizations, Entrepreneurship, Social Capital and Economic Growth," *Small Business Economics* 38, no. 3 (April 2012): 272, https://doi.org/10.1007/s11187-010-9274-7.

[3] Dylan Roberts et al., "Risk Management for Non-Profits" (Oliver Wyman/SeaChange Capital Partners, March 2016), n. 1, http://seachangecap.org/wp-content/uploads/2016/03/SeaChange-Oliver-Wyman-Risk-Report.pdf.

[4] W.J.M. Kickert and J.F.M. Koppenjan, "Public Management and Network Management: An Overview," in *Managing Complex Networks: Strategies For The Public Sector*, ed. W. Kickert, E. Klijn, and F. M. Koppenjan Joop, (Thousand Oaks, CA: Sage, 1997): 43-44.

decisions regarding risk is particularly important here, though special care must be taken with respect to financial planning.

With good governance, research, and planning, NPOs can effectively respond to any crisis, no matter the circumstances. However, understanding the risks that NPOs face is the first step for effective risk management.

Internal and External Stressors

Before examining potential solutions, it is first necessary to understand the problem. NPOs operate in an increasingly difficult environment. Following the 2008 recession, NPOs have been subjected to an increasing number of internal and external stressors, such as high employee turnover or changes in government funding structures.[5] The types of risk that NPOs may be subjected to are varied in nature, but Arshad et al. identify six different categories of risk in their self-constructed Risk Disclosure Index. This index was created following a review of prior relevant studies regarding risk disclosures in NPOs and related organizations: financial risk, governance risk, operational risk, reputational risk, compliance risk, and money laundering risk.[6] Additional research from the field provides specific examples of these categories:

TYPE OF RISK	DESCRIPTION
Financial Risks	The potential for rising costs, restrictions in funding, delays in funding, change in government funding, having limited resources, years of deficits, competitions for resources, cost of face-to-face services, growing competition for funding.
Governance risks	Unplanned departure of the executive director, trustees who are unaware of financial performance or operating environment, the lack of timely and detailed information to guide trustees during a crisis.
Operational risks	Difficulty recruiting and retaining high quality staff (including a chief financial officer), increased real-estate costs, management costs, losing commitment from employees, declining volunteer support.
Reputational risks	Negative publicity and threats to the good name of NPOs.

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[5] Eric Kong, "The Development of Strategic Management in the On-Profit Context: Intellectual Capital in Social Service Non-Profit Organizations," *International Journal of Management Reviews* 10, no. 3 (2008): 282; Jay Weerawardena, Robert E. McDonald, and Gillian Sullivan Mort, "Sustainability of Nonprofit Organizations: An Empirical Investigation," *Journal of World Business*, Sustainable Business, 45, no. 4 (2010): 350, https://doi.org/10.1016/j.jwb.2009.08.004.

[6] Roshayani Arshad, Noorbijan Abu Bakar, and Faizah Othman, "Board Competencies, Network Ties and Risk Management Disclosure Practices in Non-Profit Organizations," *Journal of Applied Business Research (JABR)* 32, no. 5 (2016): 1322, https://doi.org/10.19030/jabr.v32i5.9761; Roberts et al., "Risk Management for Non-Profits," 7.

Compliance risks	Concerning litigation and liability, lawsuits against directors and officers, potential liabilities from running risky programs, or ordinary hazards like crime or fire, litigation from spurious and opportunistic torts.
Money laundering risks	Relate to the vulnerability of NPOs to money laundering schemes.

Arshad et al.'s research also indicates that more than 50% of the risks disclosed in NPO annual reports consisted of financial, reputational, and compliance risks, with financial being the most common.[7] Indeed, several of the studies consulted for this literature review refer to the issue of financial risk, with one study of NPOs in New York City noting that more than 10% were financially insolvent and 40% had cash and operating reserves of under two months.[8] The greatest challenge in this case is that NPOs are extremely reliant on government funding – in 80% of NPOs, 90% of their funding comes from the government – placing them in precarious positions when public actors go through transitions. The same study found that NPOs face particular structural challenges related to financial issues that make them vulnerable to financial risk, including, but not limited to:

- Addressing economically complex problems as part of their services
- Cost-minus funding, where government funding nearly always guarantees a deficit
- A lack of working capital, since funds arrive only after the money has been used, and this funding can be significantly delayed.
- After-the-fact liabilities, like clawbacks for disallowed expenses, audits, and retroactive rate reductions
- The rising real cost of services and the fact that NPOs provide labour-intensive services
- Difficulty in recruiting high-quality financial staff
- Insufficient funds to respond to changing dynamics.[9]

What's more, once NPOs are in financial distress, there are few options available to help them recover. This is because, unlike for-profit companies, they cannot attract funders by reducing their prices, most private funders will recuse themselves at the first sign of trouble, and there are no specialized NPO turnaround funders willing to assume financial risks. Consequently, NPOs in financial distress are forced to reduce their program offerings, freeze salaries, eliminate staff, borrow money, use restricted funds for impermissible purposes, and beg existing stakeholders for financial support. As Roberts notes, none of these are effective or acceptable strategies in the long run.[10] However, there are a number of effective strategies that NPOs can employ to mitigate risk or reduce the impact of stressors.

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[7] Arshad, Bakar, and Othman, "Board Competencies, Network Ties and Risk Management Disclosure Practices in Non-Profit Organizations," 1324.

[8] Roberts et al., "Risk Management for Non-Profits," 5–6.

[9] Roberts et al, 2.

[10] Arshad, Bakar, and Othman, "Board Competencies, Network Ties and Risk Management Disclosure Practices in Non-Profit Organizations," 1319; Roberts et al., "Risk Management for Non-Profits," 5, 8.

Best Practices

Research on NPOs and risk management provide several recommendations on best practices to mitigate all types of risks and or prevent stressors, including good governance (including effective boards), having access to relevant information, and planning and developing risk management strategies to lessen the impact.

Good Governance

The first step in NPO risk management and stressor prevention is to establish a solid organizational foundation in the form of good governance practices. The following section explains three key elements of good NPO governance: board effectiveness, board composition, and network management.

Board Effectiveness

Several studies emphasize that effective boards are essential for risk management for NPOs as part of a good governance model. Within this group of studies, several identify the responsibility for reducing risk with board trustees specifically, arguing that such oversight should be an explicit part of each board member's duties.[11] Several other pieces argue that boards should be the focus when it comes to the interrelations of board effectiveness and organizational effectiveness.[12] For example, one study points to the central role that boards play in NPO governance and risk mitigation, including, but not limited to:

- Financial and resource management
- Meeting legal and ethical responsibilities
- Ensuring the alignment of an organization's mission and their activities
- Long-term planning, including the establishment of major organizational policies
- Selecting and working with the NPO's chief executive officer
- Representing the organization in the broader community.[13]

In their 2016 report, Arshad et al. demonstrate that effective boards as well as boards with leadership support and commitment positively relate to effective risk management practices.[14] More specifically, the human capital (commitment, knowledge, skills, motivation, and loyalty) of board members increases "their ability to take advantage of market opportunities as well as to reduce the effective of potential threats."[15] Further, these same board members are more likely to acknowledge the importance of risk management and ensuring that board members are equipped with the information they need to take proactive measures to prevent or mitigate risk.[16] The efficiency of boards and their ability to mitigate risk is also correlated to boards with effective leadership, particularly those that prioritize communication between top management and external stakeholders regarding risk management.[17]

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[11] Arshad, Bakar, and Othman, "Board Competencies, Network Ties and Risk Management Disclosure Practices in Non-Profit Organizations," 3.

[12] William A. Brown, "Inclusive Governance Practices in Nonprofit Organization and Implications for Practice," *Nonprofit Management & Leadership* 12, no. 4 (2003): 370; Melissa Stone and Francis Ostrower, "Acting in the Public Interest? Another Look at Research on Nonprofit Governance," *Nonprofit and Voluntary Sector Quarterly* 36, no. 3 (2007): 421.

[13] Stone and Ostrower, "Acting in the Public Interest? Another Look at Research on Nonprofit Governance," 417.

[14] Arshad, Bakar, and Othman, "Board Competencies, Network Ties and Risk Management Disclosure Practices in Non-Profit Organizations," 1320.

[15] Arshad, Bakar, and Othman, 1321.

[16] Arshad, Bakar, and Othman, 1321.

[17] Arshad, Bakar, and Othman, 1325.

One important method for ensuring board effectiveness is matching NPOs with an appropriate governance model. Bradshaw identifies four different approaches to governance, taking into account both internal (age, size, structure, ideology, and strategy) and external (mostly environmental, such as external funding sources or the socio-political climate) factors. Bradshaw refers to this approach of aligning governance models with internal and external factors as a "contingency framework," since it takes into account the "contingencies," or variables that could impact board governance. The models and their main characteristic are as follows:

Policy Governance
- Larger, bureaucratic, hierarchical, and formalized structures and committees, as well as clearly defined roles and responsibilities
- More homogenous board membership
- Following a traditional/mainstream approach to governance (board tends towards approving rather than actively participating in planning), but one which is proactive and tends towards long-term strategic planning.

Constituency/Representative Governance
- Larger, decentralized, but formal committees, structures, and policies, as well as clearly defined roles and responsibilities
- More diverse board membership
- Conflict between the mission of NPOs and the need to represent constituents but tending towards proactive strategic planning.

Entrepreneurial/Corporate Governance
- Smaller, decentralized, less formal, and less bureaucratic structure, with fewer committees and more task forces/project groups, with less clarity of roles and responsibilities
- Less homogenous membership (many entrepreneurs)
- Shared emergent approach to strategic planning

Emergent Cellular Governance
- Smaller, decentralized, less hierarchical, and less formal structures, fewer fixed committees and more fluid task forces and temporary committees
- Diverse membership, with an attention to be inclusive of multiple stakeholders and constituents
- Informal, organic, and emergent strategic planning with a focus on community input, tendency towards more alternative or nonmainstream ideologies. [18]

No single model is ideal, yet it is essential that boards select the governance structure that most closely aligns with their contingencies.

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[18] Patricia Bradshaw, "A Contingency Approach to Nonprofit Governance," *Nonprofit Management and Leadership* 20, no. 1 (2009): 70.

Contingency Table[19]

		1	2	3	4	5	6	7	8	9	10
Contingency	**Alignment A**					↔			**Alignment B**		
Environment	Stable/certain					↔			Turbulent/uncertain		
Strategy	Proactive/goal oriented					↔			Reactive and emergent		
Structure	Mechanistic/bureaucratic					↔			Organic		
Stage in Life Cycle	Mature					↔			Founding		
Ideology	Traditional					↔			Alternative		
Governance	Policy/Constituency					↔			Entrepreneurial corporate/Emergent cellular[20]		

Bradshaw provides a theoretical example of just how this process might unfold by sharing an outline of the process that used when consulting with organizations trying to determine their board structure:

- **Step 1:** Establish concrete goals (usually to gain consensus on a governance configuration and to build an action plan for its implantation), as well as procedures for the discussions (such as how they will deal with conflicts, or how to make decisions).
- **Step 2:** Review relevant research on the following subjects: correlation between effective boards and effective organizations; lifecycle models; and core functions of a board. Also review the four governance models listed above.
- **Step 3:** Assess the NPO's contingencies and determine where they lie on the spectrum from one extreme to the other. For example, an NPO's environment might be closer to stable than unstable, while their ideology may be more alternative than traditional. This can be done on a scale of 1 to 10. See contingency table above.
- **Step 4:** Determine which alignment is more common, A or B. Review the governance models, and if Alignment A is more common, choose between policy governance and/or constituency. If alignment B is more common, choose between entrepreneurial/corporate or emergent cellular.

Finally, Bradshaw emphasizes the need for periods of self-reflection, so that NPOs can adapt governance models depending on changing circumstances.[21]

In addition to these four models, Bradshaw also notes the existence of hybrid organizations, which are highly variable due to external factors and organizational characteristics, though she notes that more research on these organizations is needed.[22] This task was taken up by Smith et al., who subsequently identified four general categories of hybridized governance structures. These include:

- **The Affiliated Foundation:** Though legally a charitable organization as opposed to a foundation, these organizations are focused on raising funds for a parent organization. As a result, their boards were initially controlled by the parent organization, though there is significant variability in this across NPOs.

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[19] The use of ↔ illustrates the continuum between the two extremes of 1 and 10.
[20] Bradshaw, 72.
[21] Bradshaw, "A Contingency Approach to Nonprofit Governance," 72-74.
[22] Bradshaw, 70.

- **For-Profit Subsidiaries:** In these cases, NPOs with financial concerns will either create or merge with existing for-profit organizations in the same field as a way of supplementing the money they receive from government funding.
- **Limited Partnerships Affiliated with Low-Income Housing:** unique to the housing and community development fields, organizations with this model will partner with equity firms in order to benefit from existing tax credits for private investors in low-income housing. These partnerships temporary, and dissolve once the tax credits have expired. Some NPOs will form partnerships with a variety of investors, rather than simply maintain a relationship with a single firm.
- **Wholly Owned Non-Profit Subsidiaries:** This governance model is a response to the increasing number of NPOs and the difficulty of merging two distinct NPOs. In these cases, two organizations will effectively merge while remaining two legally separate entities. In some cases, this involved a smaller organization partnering with a larger organization that is more financially stable.[23]

The authors link the rise of hybridized NPOs to the restructuring of the state, and consequently state funding, after the 2008 financial crisis, as well as the variety of ways in which NPOs responded to these financial crises. The uncertainty and volatility of the situation led to increased competition for government funding contracts, as well as formalized bidding processes, which introduced market competition into NPO agencies. NPOs with limited resources were forced to experiment with new models of fundraising, which, when combined with internal conflict regarding organizational values, consequently led to more complicated governance structures. [24]

As is often the case, there are advantages and disadvantages to these hybrid governance structures. The authors do note that more complex hybrid structures can lead to exponentially increasing innovation, and that innovative organizations tend to perform better overall in competition for government funds. However, due to the complex nature of these organizations, they become both less transparent and more difficult for external stakeholders to understand. This is because most stakeholders do not have the background necessary to understand governance issues facing their organization, they often lack necessary information, since annual reports rarely include information about complex organizational relationships, and the inability of regulatory regimes to keep up with increasingly complex organizational structures. Hybrid NPOs also require the services of internal and external professionals, most notably lawyers and accountants, to deal with increasingly complex organizational structures, and overtime may be dominated by professional managers rather than front-line professionals and volunteers. [25] Overall, the benefits of hybridized organizations as well as the continuing financial difficulties in the NPO sector will likely drive the growth of hybrid NPOs, though the authors caution that "these structures need to be designed in a way that balances the increased complexity and risk of these ventures with effective governance, oversight, and community engagement."[26]

Like Bradshaw, Felício, et al. also argue NPOs must consider environmental factors, in this case socioeconomic contexts, and adapt their governance strategies in order to ensure their effectiveness overall, or what Felício et al. refer to as social value. By social value, Felício et al. refer to "the necessary goods and services provided by organizations with social purposes such as promoting community development, advocating for more inclusive and fairer policies, or dealing with a variety of other social

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[23] Smith, "Hybridization and Nonprofit Organizations," 222–26.
[24] Smith, 221–22, 226–27.
[25] Smith, "Hybridization and Nonprofit Organizations," 221–22, 226–27.
[26] Smith, 221.

problems."[27] According to their research on Portuguese NPOs, social entrepreneurship increases the social value of NPOs.[28] Further, creating social value that emphasizes social recognition, social responsibility, and social contribution has a positive impact on operational performance, making NPOs more effective overall.[29] Conversely, while transformational leadership can also positively impact operational performance, it has no impact on social value.[30] Nonetheless, all of these outcomes are highly dependent on the socioeconomic context of any given NPO, as specific conditions will impact actions taken by NPO managers. For example, NPO managers operating in unfavourable contexts will focus on resources and the mobilization of collaborators to improve user satisfaction, resulting in an increase in operational performance. In contrast, NPOs in favourable contexts place a higher emphasis on social value due to the initiative and innovation of managers (a.k.a. social entrepreneurship).[31] By keeping these results in mind, NPO managers can create and implement strategies to create social value and meet their operational performance targets. Or, to put it in another way, NPOs desiring to have effective governance models must take into account their socioeconomic contexts, and in unfavourable contexts, place an emphasis on transformative leadership, while emphasizing social entrepreneurship in favourable contexts.[32]

While Bradshaw, Smith et al., and Felício et al. focus on the impact of external factors on NPO governance structures, Brown and Iverson's study links NPO governance structures to the strategies used by NPOs when orienting their services. This study identifies four strategies, based on the Miles and Snow typology of strategy, developed through a survey of 132 NPOs in the Southwest United States. This includes:

STRATEGY	DESCRIPTIONS
Defender	Organizations that focus on providing a particular type of service to a particular group of customers, and therefore are not interested in new opportunities.
Prospector	Organizations that are constantly seeking new opportunities and are open to experimenting with responses to external factors/influences.

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[27] J. Augusto Felício, Helena Martins Gonçalves, and Vítor da Conceição Gonçalves, "Social Value and Organizational Performance in Non-Profit Social Organizations: Social Entrepreneurship, Leadership, and Socioeconomic Context Effects," *Journal of Business Research*, Strategic Thinking in Marketing, 66, no. 10 (October 1, 2013): 2140, https://doi.org/10.1016/j.jbusres.2013.02.040.

[28] Social entrepreneurship is defined as the initiative and innovation needed to find financing strategies and alternative management models.

[29] Felício, Martins Gonçalves, and da Conceição Gonçalves, "Social Value and Organizational Performance in Non-Profit Social Organizations," 2141, 2139, 2144.

[30] Transformational leadership is defined as idealized influence, inspiration, motivation, stimulus from a leader.

[31] Felício, Martins Gonçalves, and da Conceição Gonçalves, 2142–44.

[32] Felício, Martins Gonçalves, and da Conceição Gonçalves, "Social Value and Organizational Performance in Non-Profit Social Organizations," 2140–44.

Analyzer	This approach applies to defender organizations who are in the midst of upheaval, and therefore look to their competitors to develop new approaches as a way of weathering the storm.
Reactor	Organizations that do not have a consistent strategic approach, but rather make adjustments depending on external factors.

The authors argue that attention to governance patterns and organizational strategies is important, and that organizations should work to adapt their governance models to their unique situation as they have a direct impact on organizational structure. For example, organizations with defender strategies (including analyzers) maintain smaller and stable board and committee structures, while organizations with prospector strategies lean towards a more varied approach.[33] While there was often a clear link between the governance structure and strategic orientation in defender and analyzer organizations, prospector organizations were more complex and varied.[34] In some cases, the governance structure was inconsistent with the organizations' current strategic approach. In contrast, when prospector organizations did maintain governance structures that were consistent with their strategic approach, these structures tend to be more diverse and flexible. [35]

That said, board efficiency and good governance are directly related to board composition, as the most effective boards are those that are diverse, inclusive, and representative of the communities they serve.

Board Composition: Diversity, Inclusion, and Representation

Simply put, board composition matters.[36] This fact is supported by several studies which emphasize the relationship between board composition to board effectiveness and good governance, particularly in reference to the diversity of board members. [37]

With respect to the concept of diversity on NPO boards, the term is in reference to the education, skills, and experience of board members, rather than their gender, class, race, or ability.[38] In the literature on NPOs, the latter concerns are referred to as matters of inclusivity. Therefore, diverse boards are not necessarily inclusive boards, and vice versa. Stone and Ostrower note that there was insufficient research on the impact of diversity on board effectiveness, however, they did note that most of the larger and more affluent NPOs had boards that were dominated by white middle- and upper-class men – making them not inclusive. [39] Another study by Brown confirms that while NPO boards were increasingly diverse, they remain overwhelming dominated by white individuals (80%), who are predominately also men (60%).[40]

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[33] Brown and Iverson, 392.

[34] Brown and Iverson, 392–293.

[35] Brown and Iverson, 293.

[36] Stone and Ostrower, "Acting in the Public Interest? Another Look at Research on Nonprofit Governance," 419.

[37] For example, Brown and Iverson, "Exploring Strategy and Board Structure in Nonprofit Organizations," 395.

[38] Arshad, Bakar, and Othman, "Board Competencies, Network Ties and Risk Management Disclosure Practices in Non-Profit Organizations," 1319.

[39] Stone and Ostrower, "Acting in the Public Interest? Another Look at Research on Nonprofit Governance," 420.

[40] Brown, "Inclusive Governance Practices in Nonprofit Organization and Implications for Practice," 370.

That said, several studies do connect diverse and inclusive board practises with board efficiency and risk management. For instance, Roberts et al. note in particular that having experienced, educated, and engaged trustees, from diverse backgrounds, was a key best practice in NPO risk management, since doing so better equips boards to understand important contracts, associated processes for approval and registration, and the distinction between direct/indirect and allowed/disallowed costs. In other words, more experienced, educated, and engaged trustees have more resources and information to properly understand how to operate an NPO efficiently.[41] Brown and Iverson's study also points to the prevalence of expansive and inclusive boards, as well as the involvement of non-board members in committees in organizations with prospector strategies, or those that are open to new opportunities and innovation.[42]

Similarly, Brown notes that one approach for ensuring an effective board was an emphasis on inclusive board practises, since an inclusive board "demonstrates awareness of the community and constituents who benefit from and contribute to the services of the organization, seeks information from multiple sources, and establishes policies and structures."[43] This is an approach that he refers to as "inclusive governance," which is derived from stakeholder theory (that organizations must be systematic and deliberate in their attention to stakeholders).[44] Brown's study of 56 executive directors and 43 board members from 62 NPOs reveals several important insights about inclusiveness, diversity, and board composition. First, he found only a moderate correlation between board heterogeneity and board inclusivity, suggesting that while more diverse boards tend to be more inclusive, this was not necessarily always the case. Second, he did find a strong positive association between boards with positive attitudes about diversity and inclusive governance practices. Therefore, Brown concludes that simply making boards more diverse was insufficient with respect to fostering inclusive practices, and suggests, instead, that boards emphasize the need for education on diversity issues, perhaps through the establishment of a taskforce on diversity or participation in diversity workshops. Finally, there is a significant correlation between inclusive governance practices and systematic recruitment practices.[45] Brown also notes that systematic recruitment practices could be facilitated through the establishment of a task force or nomination committee to address board member diversity.[46]

However, as Guo notes, there are many factors that affect board composition and representation.[47] In his study of 1,976 urban NPOs in Los Angeles, Guo focuses particularly on the impact of government funding. Given that NPOs are one of the primary means through which the interests of the community are communicated or represented to government, the representation of community members on NPO boards is important.[48] Given this, the most effective boards are those that have high community representation and strong board power over the chief executive officer or executive director.[49] Therefore, Guo concludes

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[41] Roberts et al., "Risk Management for Non-Profits," 4.

[42] Brown and Iverson, "Exploring Strategy and Board Structure in Nonprofit Organizations," 395.

[43] Brown, "Inclusive Governance Practices in Nonprofit Organization and Implications for Practice," 370.

[44] Brown, 371.

[45] Brown, 379.

[46] Brown, 371, 382.

[47] Chao Guo, "When Government Becomes the Principal Philanthropist: The Effects of Public Funding on Patterns of Nonprofit Governance," *Public Administration Review* 67, no. 3 (2007): 459, https://doi.org/10.1111/j.1540-6210.2007.00729.x.

[48] Guo, "When Government Becomes the Principal Philanthropist: The Effects of Public Funding on Patterns of Nonprofit Governance," 459.

[49] Guo, 460. In this instance, "board power" refers to the relative power that boards have vis-à-vis the chief executive officer or executive director. When a board has "strong power," it has more influence than executives to make

that the more an NPO depends on government funding, the less likely it is to develop strong community boards, which may also shrink their base of support and limit their community and democratic work. On contrast, a greater dependence on volunteer labour increases the likelihood of developing strong community boards, as does the age (older) of an organization and the smaller its size.[50] Therefore, Guo recommends that NPOs rely less on government funding and more on volunteer labour in order to operate most effectively.

On a similar note, given the current financial difficulties faced by many NPOs, Young argues that effective boards must also include economic stakeholders – such as businesses and union representatives, for example. Since board members are volunteers (whether they are appointed or elected), they have little personal stake in their NPOs. Having economic stakeholders would help with this problem, as well as the issues of conflicts of interest and "groupthink." While NPO organizational constraints generally prevent board members from materially benefitting from their work, Young notes that "board members are often positioned to benefit in subtle ways such was using the board venue as a means to do business with other board members or to engage in self-dealing as preferred suppliers of various goods or services."[51] At the same time, many NPO boards are vulnerable to "groupthink," where group members agree with each other in order to ensure harmony and because it is easier to simply go along with group consensus. Both tendencies can have a detrimental impact on board effectiveness because it hampers the ability of boards to think critically and take responsibility for their actions. Both problems can arise due to a lack of diversity in board composition. Young argues that having economic and resource stakeholders are particularly important, and recommends that NPOs adopt an approach he refers to as "resource (or economic) stakeholder governance," to foster dynamic boards, borrowing from for-profit governance models.[52] He provides the following example of how this could work in practice:

- Board seats would be allocated to consumers, individual donors, volunteers, and government contributors in proportions equal to their contributed economic value
- A nomination committee will establish recommendations for the number of qualified candidates in each stakeholder group
- Voting mechanisms devised for the election of representatives from stakeholder groups
- Elected board members would have one vote per person, and a fixed term in office
- That the proportion of candidates is revised at each election cycle, with nominations provided accordingly.[53]

Young predicts several potential governance structures that could emerge out of this approach, including consumer-controlled NPOs, donor-controlled NPOs, government controlled NPOs, volunteer controlled NPOs, and mixed control NPOs. Such an approach, Young argues, while not without risk, could yield new funding sources and opportunities, new governance models, and new knowledge about the effectiveness of different governance combinations.[54]

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decisions about the operation of the NPO. In general, this is the preferred model, since the only instance where it is better for the chief executive officer to have more power and influence than the board has with respect to strategic decision-making and business planning.
[50] Guo, 466–67.
[51] Young, "The Prospective Role of Economic Stakeholders in the Governance of Nonprofit Organizations," 571.
[52] Young, "The Prospective Role of Economic Stakeholders in the Governance of Nonprofit Organizations," 570–72.
[53] Young, 576.
[54] Young, 584.

Nevertheless, it is important to remember that good governance is not limited to board efficiency or composition. Indeed, many external factors, such as network management, also play a role.

Network Management

As Stone and Ostrower note, while the literature on NPO governance tends to focus on the operations of the board, with some limited attention to the role of executive directors, there are many other factors that play a role, such as network management.[55]

While there is broad agreement about the benefits of diversity for effective board management and good governance, the evidence regarding the importance of network management is less clear, at least with respect to risk management. In their study, Arshad et al. found no correlation between boards with political connections or professional affiliations and risk management disclosure practises.[56] In other words, in their view, political or professional networks made no significant impact on risk management disclosure. That said, they did find that boards that prioritized communication between top management and stakeholders did tend to be more effective.[57] This was borne out in other studies.

For instance, Herranz argues that networks are an increasingly important aspect of NPO's work, though they also present particular challenges. Herranz identifies three distinct approaches to network management:

NETWORK MANAGEMENT STRATEGY	DESCRIPTION	MANAGERIAL STRATEGIES
Community Network	Governance and management processes that emphasize group-centred collective processes and rely on community relationships to share information, resources, and service delivery	Reactive facilitation and/or contingent coordinating.
Bureaucratic Network	Governance and management processes that are more structured and formalized, with a relatively stable and standard coordination of its networked relationships.	Hierarchically based directives/administration and active coordination.

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[55] Stone and Ostrower, "Acting in the Public Interest? Another Look at Research on Nonprofit Governance," 416, 420.
[56] Arshad, Bakar, and Othman, "Board Competencies, Network Ties And Risk Management Disclosure Practices In Non-Profit Organizations," 1321, 1325.
[57] Arshad, Bakar, and Othman, "Board Competencies, Network Ties And Risk Management Disclosure Practices In Non-Profit Organizations," 1325.

Entrepreneurial Network	Governance and management processes that emphasize strategic and innovative networking, mostly with NPOs and government agencies that could potentially help generate revenue and meet service demands.	Contingent coordination and/or active coordination approaches.

Herranz does note that this study is based only on three cases, which limits the applicability of the data. They also specify that these are simply archetypes, and that organizations could (and likely do) adopt hybridized approaches that are more specific to their particular situations.[58] Therefore, while there is some information to suggest that network management is important for good governance, there is insufficient data to make any firm conclusions.

The importance of organizational membership also emerges within the existing literature, specifically when it comes to the relationship between organizational actors and the community members they represent.[59] Van Puyvelde et al. discuss the different relationships which can form between organizations and community members, highlighting issues of accountability within non-profit organizations and how to address them. For the authors, the different types of relationships between organizations and their members lead to different accountability outcomes – a major issue facing non-profit organizations in ensuring community priorities are adhered to. Accountability within NPOs is a consistent theme when it comes to good governance, as well as a best practice for ensuring that organizational membership remains privy to the decision-making process.[60]

Having a solid foundation of good governance for an NPO is integral for ensuring organizational sustainability and community buy-in, however, these organizations also require the investment of resources into knowledge mobilization to ensure that priorities are in line with needs. These not only ensure representative governance, but also reduces risk on organizations by aligning their mission and mandates with the needs of the community.

Knowledge Mobilization

Research and knowledge acquisition are essential for NPO risk management, as poor and/or insufficient research can negatively impact the ability of NPOs to effectively plan and respond to risks.[61] Young points to two principal challenges that NPOs gave in knowledge mobilization: measurability and risk assessment. Measurability in this case refers to being able to quantify mission-related impacts, and how these impacts may vary. This is often challenging for NPOs, since these impacts are not necessarily quantifiable in nature, and they may not have the resources to properly understand results from such studies even if they are available.

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[58] Herranz Jr., 26–27.

[59] Van Puyvelde, Stijn, Ralf Caers, Cind Du Bois, and Marc Jegers. "The Governance of Nonprofit Organizations: Integrating Agency Theory With Stakeholder and Stewardship Theories." *Nonprofit and Voluntary Sector Quarterly* 41, no. 3 (June 2012): 431–51. doi:10.1177/0899764011409757.

[60] Ebrahim, Alnoor. "Making sense of accountability: Conceptual perspectives for northern and southern nonprofits." *Nonprofit Management & Leadership* 14, no. 2 (2003): 191-212. Doi: https://doi.org/10.1002/nml.29; Fry, Richard E. "Accountability in organizational life: Problem or opportunity for nonprofits?" *Nonprofit Management & Leadership* 6, no. 2 (1995): 181-195. Doi: https://doi.org/10.1002/nml.4130060207.

[61] Young, "The Prospective Role of Economic Stakeholders in the Governance of Nonprofit Organizations," 34.

The second issue concerns how much risk is involved and who should determine whether an organization should bear it, which is complicated by the fact that clients, volunteers, and benefactors are all impacted by decisions made by executives or trustees. A variety of factors, from individual agendas, resource providers, size, and mission can all play a role in swaying executives or trustees – complicating important risk management approaches. Consequently, many NPOs either take a conservative approach or take substantial risks, both of which can lead to poor risk management.[62]

Equally problematic is inefficient research and data collection. Stoecker points out that NPOs generally spend a great deal of time and sources collecting data. However, this data is rarely directly relevant to their work, and is consequently never used.[63] Instead, NPOs should concentrate on creating intellectual capital; conducting environmental scans, benchmarking/self-rating, reporting and disclosure; gathering information about communities/constituencies, programs and services, needs and resources; and NPO risk preference.

One method for prioritizing research and knowledge mobilization is through the creation of intellectual capital. Kong argues that NPOs need to prioritize intellectual capital as a strategic management technique. Intellectual capital borrows from for-profit strategic management techniques, and "stresses qualitative, non-financial indicators for future strategic prospects and may be harnessed to co-ordinate with the unique environment in which [NPOs] operate."[64] Intellectual capital is composed of three interrelated components: human capital (attitude, competencies, experience, skills, knowledge, innovation); structural capital (the learning and knowledge enacted in daily activities, institutional memory); and relational capital (the formal and informal relationships that NPOs have with external stakeholders, including perceptions and exchange of knowledge).[65] In other words, NPOs should take advantage of intellectual capital because knowledge is power, and it can enhance their ability to capitalize on resources, provide meaningful information to stakeholders, and meet their social objectives.[66] The benefits of an intellectual capital strategy are that:

- It prioritizes intellectual resources, including knowledge, education, skills, and experience
- This in turn drives strategic activities and changes by staff and volunteers, which means implementation is less likely to be resisted
- NPOs will be more likely to avoid goal displacement and resource diffusion by refocusing them on their social objectives
- As intellectual capital is non-competitive, it will drive knowledge sharing and create a learning culture that likely better prepares organizations to deal with new challenges.[67]

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[62] Young, 34–37.

[63] Randy Stoecker, "The Research Practices and Needs of Non-Profit Organizations in an Urban Center," *Journal of Sociology and Social Welfare* 34, no. 4 (2007): 107–8.

[64] Kong, "The Development of Strategic Management in the On-Profit Context: Intellectual Capital in Social Service Non-Profit Organizations," 283.

[65] Kong, "The Development of Strategic Management in the On-Profit Context: Intellectual Capital in Social Service Non-Profit Organizations," 290–91.

[66] Kong, 282.

[67] Kong, "The Development of Strategic Management in the On-Profit Context: Intellectual Capital in Social Service Non-Profit Organizations," 293.

Failing to emphasize intellectual capital, conversely, can lead to weak strategic planning, as well as high employee turnover, poor training, inexperienced managers, and the inability to make sense of relevant information.[68]

Roberts et al. identify several different types of information that NPOs should acquire in order to create risk management plans. This information should be provided as soon as possible to board members in order to ensure the most effective risk management plans. These include:

- **Environmental Scans:** information on operational trends, benefits to new options
- **Benchmarking and Self-Rating:** Such as comparisons between the financial performances to peers, asking umbrella groups to collect more relevant and detailed information from peers, as well as creating a self-rating tool for board members to assess their finances and indicate organization health
- **Reporting and Disclosure:** this includes summarizing financial and programmatic results in plain and clear language on a regular basis, including relevant opportunities and risks.[69]

On a similar note, as part of his recommendations on inclusive governance, Brown argues that research and data collection is essential for boards to understand stakeholder interests. Pertinent information he recommends be collected includes statistical information about the community and constituencies; technical information about programs and services and professional information about staff, and community information about needs and resources. Brown further recommends three approaches to gathering this information: expert consultation; encouraging staff to share their experiences more frequently with board members; and seeking input from the individuals who are affected by the board's decisions, specifically from clients, consumers, and staff members.[70] The latter point is particularly important. Seeking various types of information from various groups of individuals is beneficial to NPOs because it has the potential to provide additional perspectives that may not come to light otherwise. Or, put another way, "if boards are not sensitive to and aware of constituent interest, they may incorrectly interpret the environment, and this could lead to errant policies and programs."[71] This type of in-depth research is necessary before NPOs embark on planning risk management.

Finally, NPO boards must understand the risk preference of their organization. In his study on NPO risk management, Young identifies three potential areas that impact the risk preference of an NPO:

- **Personal:** the risk preference of decision makers
- **Organizational:** the age, life cycle, size, and asset base
- **Contextual:** the NPO's mission and setting.[72]

The key variable in this instance is the individual decision maker, since this is often where the most significant problems can arise. In NPOs in particular, some decision makers tend to be risk averse and take a conservative approach to NPO management, largely due to a recognition that their decisions will impact

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[68] Kong, 293.
[69] Roberts et al., "Risk Management for Non-Profits," 3.
[70] Brown, "Inclusive Governance Practices in Nonprofit Organization and Implications for Practice," 372, 383.
[71] Brown, 372.
[72] Dennis R. Young, "How Nonprofit Organizations Manage Risk," in *Paid and Unpaid Labour in the Social Economy*, ed. Sergio Destefanis and Marco Musella (Heidelberg: AIEL - Associazione Italiana Economisti del Lavoro, 2009), 35–39.

a wide group of individuals. Yet, other decision makers, particularly those from the entrepreneurial tradition, may take inappropriate risks in the NPO's desire for social change.[73]

This said, the best information in the world is useless if no one can understand it - education and training are also important. Stoecker advises that NPO staff and volunteers receive better research methods training, that funders be educated about the need to support research and data management capacity, that NPOs be provided with superior and easy-to-use stock database software, and that post-secondary faculty and students are engaged in the data collection and management of NPOs.[74] Roberts et al. also emphasize that effective boards and committees require ongoing education, going so far as to argue that this not only empowered boards and committees, but was one of the only methods to ensure an educated response to potential risks.[75] The authors particularly highlight as common and worst practices in struggling NPOs: having trustees that are unaware of their organizations' long-term financial performance or operating environment (largely because they focus only on annual reports), the unavailability of timely and detailed information for trustees prior to or at the beginning of a crisis, and trustees who took too long to realize that they were in the midst of a crisis, and delayed responding even once they decided that action was necessary.[76]

Planning Risk Management Strategies

Once armed with information, NPOs can devise a risk management strategy or plan. The first step in this should be to understanding decision-making as a process. With this in mind, Young proposes a simple framework to assist decision makers in developing a more complex and sophisticated approach to risk analysis:
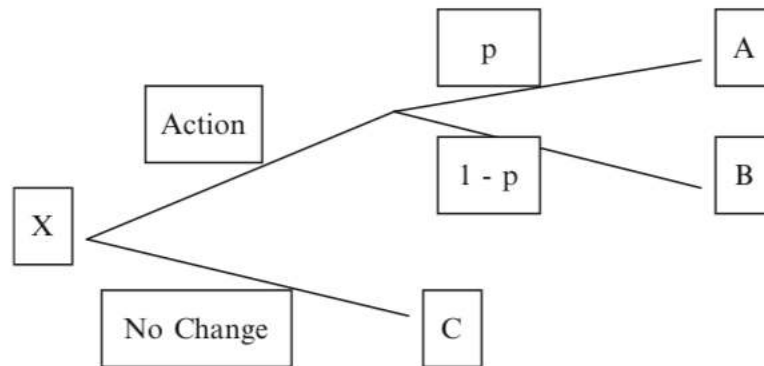
The above tree presents two options: action or no action. Action can lead to either a better outcome (A) or a worse outcome (B), depending on probabilities. No action leads to the status quo (C). The apparent significance of the outcome is referred to as "expected value" (EV), which can be calculated using the formula: $pA + (1 - p)B$. If the EV is greater than C, then action can be recommended, whereas if C is greater than EV, no action is recommended. Though again, Young notes that the extent to which EV is greater or lesser than C prior to making a choice depends on the risk preference of the decision makers. Many things can go wrong in this process, due in large part whether accurate relevant information is available and

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[73] Young, "How Nonprofit Organizations Manage Risk," 37.
[74] Stoecker, "The Research Practices and Needs of Non-Profit Organizations in an Urban Center," 113.
[75] Roberts et al., "Risk Management for Non-Profits," 2.
[76] Roberts et al., 7.

consulted, as well as efforts to reduce risk through best practices or risk sharing. So as Young and the other studies above demonstrate, access to information is central to effective risk management planning.[77]

While understanding the decision-making process is important, so too is direct planning. Roberts et al. identify several broad categories of planning approaches for risk management, which should be undertaken well before they are needed. These include:

- **Scenario Planning:** maintain a list of major risks that also indicates their likelihood and expected losses, as well as actions organizations can take to reduce their likelihood and mitigate damage.
- **Recovery and Program Continuity Planning:** creating a plan on how to maintain service in the event of a significant crisis, such as including living wills outlining program transfers.
- **Financial Stability Targets:** these targets should be based on minimum and long-term needs. In addition to the targets themselves, NPOs should also develop contingency plans for when minimum targets are not met, how to create reserves (such as through capital campaign or pledge funds) and putting into place monitoring and governance processes to avoid depleting reserves.[78]

The latter point is particularly important. Financial planning must be an essential part of NPO risk management planning. As indicated above, the most common risks that NPOs face are financial in nature.[79] This is due in large part to the nature of government funding, which can fluctuate, often arrives only after its needed, is often insufficient for the real costs of operation, and so on.[80] Other significant problems include the lack of high quality financial staff and the fact that most board members do not have the information or training to understand complex financial matters.[81] Therefore, NPOs should prioritize the recruitment and retention of strong chief financial officers and well-trained financial staff members that have the knowledge and skills to oversee financial planning.[82] In addition to these measures, Roberts et al. identifies three simple measures that NPOs can take to mitigate their financial risks:

- Have enough cash to cover immediate needs
- Have operating reserves
- Have equity (in the form of unrestricted net assets to cover losses, make investments).[83]

Further, the cash and operating reserves should be enough for six months of operation.[84] While seemingly simple in nature, this type of basic financial planning has the potential to prevent or forestall significant financial damage.

Unfortunately, while there is considerable research on the matter of good governance, there is less on the importance of data collection/management and risk management planning. While the articles reviewed for this report suggest promising avenues of inquiry, this is an area of NPO research that is still developing.

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[77] Young, "How Nonprofit Organizations Manage Risk," 42.

[78] Roberts et al., "Risk Management for Non-Profits," 3.

[79] Arshad, Bakar, and Othman, "Board Competencies, Network Ties And Risk Management Disclosure Practices In Non-Profit Organizations," 1324.

[80] Roberts et al., "How Nonprofit Organizations Manage Risk," 2.

[81] Roberts et al., 2, 7 and Young, "The Prospective Role of Economic Stakeholders in the Governance of Nonprofit Organizations," 571.

[82] Roberts et al, 7.

[83] Roberts et al., 5.

[84] Roberts et al., 5.

Conclusion

Today, NPOs face a number of internal and external stressors, including financial risks, governance risks, operational risks, reputational risks, compliance risks, and money laundering risks. While all of these take their toll on NPOs, financial risks are by far the most common and the most potentially damaging to the sustainability of an organization. It is unfortunate that so many NPOs are in financial distress, and that most NPOs have difficulties in adopting strategic responses to consider the cost-benefit analysis of risks.

The existing literature provides three broad recommendations for NPOs desiring to be proactive about risk: good governance, research, and planning. With respect to good governance, effective boards and good governance models are key for risk management. Boards in particular are crucial in this respect, given the central role that they play in the administration and operation of NPOs. Effective boards are those that are most likely to prioritize risk management. There are several ways to ensure the effectiveness of NPO boards: adopting an appropriate governance model that is suited to the environmental factors (including socioeconomic contexts) and organizational strategies, and also important for good governance is board composition, particularly with respect to diverse membership, inclusive practices, and community representation. All of these are essential for NPOs in order to meet their central objectives in an effective manner.

Diverse boards, meaning those with members with a variety of knowledge bases, skills, and experiences, are also beneficial. While an increasing number of NPOs boards are diverse in terms of the education and background of members, they tend not to be inclusive, as so many continue to be overwhelmingly dominated by white men. Best practices in this case including adopting inclusive practices, through methods like tasks forces on diversity, diversity workshops, and systematic recruitment practices. It is also important to ensure that NPO boards have strong community representation, and, to maintain their central role within an NPO, a board must maintain a strong position relative to the chief executive officer. While most of the existing literature on NPOs focuses on boards, there is also some evidence to suggest that network management can be an effective part of good governance. However, this evidence is limited to one study based on three examples.

This being said, no matter how competent the board, board members still need information and training in order to make the best decisions possible. Several studies note the importance of knowledge mobilization for NPOs. Currently, NPOs devote considerable resources to data collection. However, most of the information that is collected is not directly relevant to their operation, and subsequently goes unused. The existing literature recommends a more targeted approach, such as through an emphasis on intellectual capital, which prioritizes intellectual resources and drives knowledge generation and sharing. Other scholars recommend gathering research on operational trends, the pros and cons of new approaches, financial performance, and the performance of similar organizations, stakeholder interests, and organizational risk preference. Education and training is equally as important. Several scholars emphasize the need for NPO staff and volunteers to be properly trained in research methods and have access to relevant and timely information.

Planning is the final step in this process. First, board members and other decision makers must understand how to make effective decisions that take into account potential risks and rewards. While the process is not foolproof and depends heavily on access to accurate information as well as the risk preference of decision makers, these approaches help ensure a complex and sophisticated approach to risk analysis. Second, direct planning is needed. There are several approaches to this type of planning, including

scenario planning, recovery and program continuity planning, and having financial stability targets. The latter approach is particularly important given the fact that the most common type of risks faced by NPOs are financial. While there are some simple things that NPOs can do to mitigate financial damage, best practice recommends that NPOs should prioritize the hiring of financial experts who can oversee financial planning.

The research suggests several important directions for NPOs interested in risk management to purpose. However, the research in these areas, particularly with respect to planning, is still evolving, and should therefore provide additional insights in the future. Furthermore, information on the importance of stakeholder analysis, community needs, and membership composition within organizations can be expanded within the existing literature.[85] Understanding how organizations organize their membership structures, as well as how they decide on priorities, is an important knowledge contribution which has not been done for OLMC groups in Canada.

ANALYSIS OF OLMC GROUPS

The existing literature highlights a number of key points when it comes to understanding the most effective ways to not only structure a non-profit, but also how non-profits oversee risk management and deal with issues. Many of the themes covered during the literature review, specifically when it came to leadership, board structure, and risk management were also observed during the interviews with the OLMC organizations.

The following section will examine the interviews which took place with the twelve OLMC organizations in Québec, Ontario, and New Brunswick. The analysis will begin with a comparison of the different mandates, membership groups, and organizational types of the organization, followed by a categorization of how they organize their governance and management structures, as well as how they work with external organizations. With a base understanding of their structures, the report will outline the main issues OLMC groups face before concluding with a summary of best practices for mitigating issues identified by the partners.

Mandates

Regardless of type, the organizations that were interviewed for this project all maintained a similar, generalized mandate: improving the quality of life, access to services and life opportunities for the English-speaking minority in Québec or the French-speaking minority in New Brunswick and Ontario. Each of the organizations, in large part, seek to aid their communities in integrating and thriving within their respective jurisdictions so that they can participate fully in the socio-economic development of their province. To fulfill their mandates, the organizations focus on a number of key activities, including health, social services, cultural and educational programs, youth development, and socio-economic opportunities. While the overarching goals of the organizations interviewed for this project were different, their

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[85] Markham, William T., Margaret A. Johnson, and Charles M. Bonjean. "Nonprofit Decision Making and Resource Allocation: The Importance of Membership Preferences, Community Needs, and Interorganizational Ties." *Nonprofit and Voluntary Sector Quarterly* 28, no. 2 (June 1999): 152–84, doi:10.1177/0899764099282003; Smith, David Horton. "A Neglected Type of Voluntary Nonprofit Organization: Exploration of the Semiformal, Fluid-Membership Organization." *Nonprofit and Voluntary Sector Quarterly* 21, no. 3 (September 1992): 251–69. doi:10.1177/089976409202100305.

mandates were observed to fall under two categories: general (providing generalized programs, services and/or support) and specialized (providing specialized programs, services and/or support).

GENERALIZED SUPPORT	SPECIALIZED SUPPORT
Broad mandate filling a variety of roles within the community, taking a blanket approach to servicing the community. For example, many of the health and social services organizations also touched on employment, education, and cultural assistance and support.	Precise mandate focusing on the delivery of one or two specific types of services. For example, employment and economic development organizations were mostly tailored to a set of specific activities.

Of the six organizations in the province of Québec, the mandate of four organizations – VEQ, CASA, Neighbours, and Townshippers - fell under the generalized program model, whereas the remaining two - CHSSN and ELAN - provided more specialized support. While all of the organizations with general mandates had similar objectives, there were a number of significant differences. In the Québec City region, VEQ advocates for the interest of the English-speaking minority and is working towards becoming a local community hub. This includes investing in the development of programs for seniors, youth, entrepreneurship, employment, social services through several high school and cultural projects and works heavily through referral programs by helping individuals find the types of services they require based on their needs. VEQ also maintains a large presence amongst immigrant communities to help them integrate into the Québec City society, largely through language training in both French and English and professional training. In the Gaspésie region, the Committee for Anglophone Social Action (CASA) aims to improve the quality of life for English Gaspesians through the creation of programs which fall under five main pillars, including health and social services, youth and employment, arts and culture, economic and early childhood development. In Abitibi-Témiscamingue, the Neighbours Association of Rouyn-Noranda focuses on the improvement of the quality of life of the English-speaking community by focusing on health, social services, education, cultural activities, and economic development.

While the Townshippers Association follows a general mandate, they exhibit a number of unique characteristics, specifically in terms of structure of their organization and the types of activities offered. Their mandate is to promote the interests of the English-speaking community in the historical Eastern Townships, strengthening the cultural identity of the community, and encouraging the full participation of the community at large. However, unlike other general mandate organizations in this study, the focus of their services is not based on one geographic administrative region within Québec. Rather, their area of operation encompasses a number of regions, including the Estrie, Montérégie-Est, Centre-du-Québec, and the Chaudière-Appalaches. Furthermore, the types of activities that the Townshippers undertakes, in general, focus on building capacity and programs for other organizations in their area of operation, rather than providing services themselves. When services are provided, they are on a temporary basis with the goal that they be adopted by other organizations in the region – like a pilot or capacity building program.

With respect to organizations with specialized mandates, CHSSN's mandate is to improve the English-speaking population's access to health and social services throughout the province, whereas ELAN represents English-speaking artists in all regions of Québec in both traditional and new artistic disciplines, working to attract funding for artists and increase their visibility, empowerment and advocacy within the community. In addition to their core mandates, both organizations also provide employment and

economic development support for their networks. For both of these specialized support organizations, there is a great degree of emphasis placed on providing assistance to their community members, including other organizations. Both organizations support their respective communities through research, knowledge creation, the forming of partnerships and the provision of information amongst their networks, as well as identifying funding sources and best practices and sharing them amongst partners. Both of the organizations provide workshops, networking, training, and representation to the government for their members.

In the province of New Brunswick, three organizations aim to improve the economic development and the social cohesion (and integration) of the local French-speaking community. These organizations include the Réseau de développement économique et d'employabilité du Nouveau-Brunswick (RDEE), Dialogue New Brunswick (Dialogue NB) and Place aux compétences Nouveau-Brunswick (PACNB). The RDEE is a sub-organization that is part of the CENB (Conseil économique du Nouveau-Brunswick), which focuses on the economic development of the French-speaking community in four main areas, including entrepreneurship, employability, assistance for immigration and general economic development. Dialogue NB, on the other hand, aims to promote social cohesion within New Brunswick society by helping to create bridges between all kinds of communities. To do so, it takes a broad approach, including the French-speaking community, English-speakers, immigrants and local Indigenous peoples. This organization focuses on the delivery of programs, communications, and marketing materials in four main areas: research, community, youth, and organization. The organization's activities focus on awareness, cohesion, and knowledge generation to support the community by developing programs and forming networks between organizations. Finally, PACNB is a non-profit organization that provides programs for French-speakers in schools in New Brunswick in three major areas, including entrepreneurship development, integration of international and immigrant students, and aid for at-risk youth – with many of the programs being led by youth. In New Brunswick one of these organizations would fall under the category of a specialized support organization, the PACNB, whereas two would be classified as generalized in their service to the community.

In Ontario, three organizations aim to develop socio-economic (and research and innovation) opportunities for French-speaking minorities, including the Société économique de l'Ontario (SEO), the Conseil de la cooperation de l'Ontario (COO), and the Centre Francophone du Toronto. SEO's mandate is to contribute to the development of economic opportunities for French-speaking communities in Ontario by focusing on tourism and organizational projects in the same way that the RDEE works in New Brunswick. To do so, the organization operates in three major areas including entrepreneurship, employment programs and economic development. The COO is a social enterprise which helps promote and develop local cooperatives and social enterprises (i.e. collective enterprises). COO is a leading player in the community's economic development which focuses particularly on research and innovation (as experts in organizational management) to create business relationships at the international level between local collective enterprises and companies outside the province. Finally, the Centre Francophone du Grand Toronto seeks to help French-speakers living in the Greater Toronto region through the application of generalized services touching on health, employment, childhood development, and socialization for newly arrived individuals. Two of the organizations are specialized, whereas one provides generalized support – the Centre Francophone.

Membership

There were a number of observable variations across all of these organizations with respect to membership, particularly in terms of the models each of them used. The main difference is summarized below:

- **Formal Membership Model:** The organization is made up of active contributors from the community who are required, to be seen as members, to join the organization. Members could join through a letter of support, or through formal monetary membership fees, for example.
- **Informal Membership Model:** Membership with the organization is not required. Instead, the organization acts as a 'general' representative of the community, touching upon their needs, but does not require community members to join to acquire service.

Membership within the organizations also differed in terms of which types of actors, either individuals or community groups, were admitted, as well as the powers which were given to them. In some cases, organizations allowed for the admittance of members on a 'friend of' basis, where the member could participate within the organization but did not have direct control over the voting or direction of the organization. In other cases, membership into an organization could be based on certain selection criteria, including age, linguistic background, place of residence, and position within the community. Selection criteria for membership, according to the organizations interviewed for this project, were adopted to ensure that members were fully committed and were representative of the mandate of the organization. Generally speaking, actors fell into four different groups, with some organizations focusing on one or more actor group at a time. The actor groups include:

1. **Informal Individuals:** Informal individual membership drawn from the local community but with no requirements to be an active member of the organization. These members may not directly use the services or support of the network, and do not have vested interest in the advancement or support of the OLMC organization.
2. **Clients:** Formal or informal individual membership based on individuals who directly use the services or support network, like employment or health services.
3. **Formal Individuals:** Individual formal and direct membership where no organizational affiliation is required. These members may not directly use the services or support of the network but are interested in the advancement and support of the OLMC organization.
4. **Organizations:** Members must be another organization or constituted entity and are interested in the advancement and support of the OLMC organization.

These classifications are important since the different types of membership models result in different governance models. For instance, groups which focus on clients – usually service or support providers for individuals – often do not grant voting rights for their members. Conversely, organizations whose membership is made up of other organizations – especially when it comes to representative assemblies – will provide voting rights to their members over governance decisions. A summary of the membership effects on governance is found below:

INFORMAL INDIVIDUALS	CLIENTS	FORMAL INDIVIDUALS	ORGANIZATIONS
▪ Membership by extension – ex: members of a community. ▪ Non-voting ▪ Oriented towards organizations which provide direct or indirect service or support to their community in general.	▪ Formal or informal membership through payment or signatures. ▪ Often non-voting ▪ Oriented towards organizations which provide direct service or support to their members.	▪ Formal membership through payment or signatures. ▪ Usually voting but can be non-voting. ▪ Oriented towards organizations which provide direct or indirect service to their community.	▪ Formal membership through payment or signatures. ▪ Often voting but can be non-voting. ▪ Oriented towards organizations which provide direct or indirect service or support to their community.

Many of the organizations indicated that, when it came to voting, they use a mixed-voting model that provided voting rights to certain membership actors. This was done, specifically, when membership was drawn from multiple actor groups. For instance, some groups allowed formal individuals to be members but have no voting rights, whereas organizations did have voting rights. The reason for creating tiers of voting was to ensure that votes were not diluted through expansive membership systems and that governance systems remained manageable. There were also variations depending on the orientation of each organization. For instance, service-oriented organizations did not provide voting rights in an expansive way, whereas those which were representative of other organizations were more inclusive with their voting controls.

Organizational Types

Based on the activities and membership of the OLMC organizations surveyed, a number of major organizational types were identified across the three provinces, allowing for an expansion of the organizational classifications previously outlined. These include:

- **Generalized Community:** Groups which operate in one region, which have general services oriented towards the linguistic minority community, and which either have direct membership or act in a representational capacity for the community in which they operate.
- **Specialized Community:** Groups which operate in one region, which have specialized services geared towards the linguistic minority community, and which either have direct membership or act in a representational capacity for the community in which they operate.
- **Generalized Regional:** Groups which operate in two or more administrative regions, which have general services directed towards the linguistic minority community, and which either have direct membership, or act in a representational capacity for the community in which they operate.
- **Specialized Regional:** Groups which operate in two or more administrative regions, which have specialized services aimed towards the linguistic minority community, and which either have

direct membership or act in a representational capacity for the community in which they operate.

- **Generalized Provincial:** Groups which operate throughout the provincial territory, which have general services geared towards the linguistic minority community, and which either have direct membership, or act in a representational capacity for the community in which they operate.
- **Specialized Provincial:** Groups which operate throughout the provincial territory, which have specialized services directed towards the linguistic minority community, and which either have direct membership or act in a representational capacity for the community in which they operate.

Having a classification system for the organizations is important, as it allows for a better understanding of the differences of what community groups offer, as well as how they operate, within their jurisdictions.

Internal Organization

Boards of Directors

At the highest level of each of the organizations there exists a board of directors (referred to as the 'board'), though their roles and responsibilities differ based on the organization's structure. Overall, the role of the board is to provide oversight and direction for the organization, and includes, but is not limited to, an oversight on strategic planning, financial considerations, and organizational priorities.

The composition of each of the boards is unique to each organization and varies depending on how the board is established and how the members are selected. In Québec, both the CHSSN and CASA's board members (11 and 10 members respectively) are drawn with regional distribution in mind. For instance, CHSSN relies on an Electoral College model where the organization's membership elects chairs from within their respective stakeholder groups, who will then sit on the board. For CASA, board members are drawn from the 5 Municipalités regionale de comté (MRCs) in the Gaspésie, with seats being allocated based on demographic weight of the English-speaking community in the respective MRC. Similarly, the Neighbours Association board of directors is made of 11 to 12 members who are appointed through a nomination process by the community, with a distinguishing feature here being that some individual members of the local OLMC have voting rights. For VEQ, the board's membership can vary from 7 to 15 members, which allows for flexibility according to the community's needs. ELAN, on the other hand, has a board of 17 directors, three of which were members of previous provincial organizations when the network was formalized. This organization is made up of individuals or organizations who have some connection to the arts and who are drawn from all across Québec to ensure regional representation on the board. Finally, the Townshippers' has a 13-seat board, with membership based on the different territories the organization covers.

In New Brunswick, the RDEE shares the same board of directors as the CENB as they are a sub-organization. The CENB board is made up of business leaders from each region of the province based on the weight of the French-speaking community's population, like the CASA model. In this instance, board members must, in some way, have insight concerning economic development. Similarly, Dialogue NB has a board of 8 members from all over the province to ensure equitable regional representation, though it can have up to 13 members if fully populated. Finally, PACNB has a board of 8 people who are usually drawn from the private sector, government and the educational sector and who largely deal with financial issues, generating partnerships and networking. Unlike some other organizations, PACNB does not have specific requirements for the background of the directors.

In Ontario, SEO has a board of directors who represent the different regions of the province to ensure complete regional representation. The COO has a board composed of 9 board members from the different regions of the province (East, North, Southwest Central, North East and North West respectively). 3 board seats are assigned to representatives of the economic sector (at the moment Desjardins, Caisses Alliances and The Co-Operators). The rationale is to ensure equal representation of Ontario's region and diversity, while also including economic developers who align with their mandate.

In review, the number of board members across the organizations surveyed varies between 7 and 17, with most boards ranging between 10 and 13 members. The latter range was identified by the majority of the organizations interviewed for this project as the most effective and ideal, since it allows for a range of experiences to be incorporated onto the board while also ensuring adequate representation of different community stakeholders as part of the leadership of the organization.

The relationship between the board and the employee leadership of the organization, either the Chief Executive Officer (CEO) or Executive Director (ED), is also relevant here, and differs based on the organization and the types of activities the organization undertakes. There are three distinct types of relationships which manifest themselves when looking at the link between the board and the employee leadership.

PASSIVE	NEUTRAL	ACTIVE
ED or CEO is only responsible for the day-to-day operations, and has limited input concerning strategic and financial planning, organizational change, and external engagement.	ED or CEO is responsible for the day-to-day operations and is also responsible for setting the strategic and financial plans, as well as organizational change, but does not have responsibility over external communications.	ED or CEO is responsible for day-to-day operations, as well as setting strategic and financial plans, organizational change, and external communications.

When it comes to the role of the organizational leader of the organization, more active CEOs or EDs are most typically involved with external communications as a major part of their mandate, through direct external stakeholder advocacy, networking, or community representation. The more passive and neutral types of organizational leaders were those whose organizations do not require as much external engagement. Interviewees from most of the organizations were very clear that the relationship between the board and the organizational leader was extremely important, and that collaborative relationships were more successful in terms of delivering on the organization's mandate. This means, in large part, that organizational leaders who are active should, as a best practice, ensure that the board is consistently included when it comes to organizational development – and vice versa. Each of the organizations surveyed for this report highlighted ways that this could be made possible, including, in large part, required participation of board members on internal or external organizational committees.

The Internal Committees
Another important aspect of governance of the OLMC organizations interviewed for this project was the use of internal committees, bodies that bring together board members and other actors to respond to

specific governance and management requirements within the organization and divide work to make it more manageable.

In Québec, each of the organizations used their internal committees for different purposes, based on organizational needs. VEQ, for instance, has a number of internal committees ranging from nominations, newcomers, advocacy and strategic planning. These committees are largely made up of board members, and only one, the newcomers committee, includes members from the larger community. CHSSN has internal committees for human resources, strategic planning, program revision, and volunteer review. ELAN has internal committees which help break up the workload and ensure the board members are involved, including committees specializing in membership, communications, inclusion, human resources, succession, and conferences. As per the organization's policy, board members must be involved on an internal committee in some way. The Townshippers' Association follows a similar model, having board members and the ED sit on the various committees, including finance, strategy, and others as needed. However, in some organizations, non-board members (called external members) are also invited on committees. For example, some of CASA's internal committee membership includes board members as well as regular staff and local community members. The goal of including external members, in this case, is to bring together community and expert information, and assist with planning events/initiatives for the organization. Similarly, the Neighbours Association has internal committees that specialize in various areas such as human resources, health, education, seniors and policy, where on each committee at least one board member is required and the others being drawn from the local community and staff.

New Brunswick and Ontario followed similar patterns. In New Brunswick, the RDEE internal committees consist of a management group of employees that oversees activities throughout the province and uses external members for reference but not for decision-making. In general, the use of external experts in an advisory role is seen as a best practice amongst a number of organizations, as it allows for external knowledge to be implemented during the decision-making process. Dialogue NB uses similar internal committees such as governance and human resources, and finances, the role of which is to oversee how the organization is run and where assets are allocated, bringing in outside expertise as needed. Board members are part of these committees to ensure that their organization's priorities are incorporated, and risk is managed. The PACNB organization has no internal committees at the moment, but, when needed, can form internal committees to address specific issues. In Ontario, the COO has three internal committees including finance, governance and human resources, while SEO has a varying number of internal committees based on the needs of the organization over time; these include members of the board and the ED and employees depending on the requirements of the committee, as well as outside expertise if needed.

Three types of internal structures were identified during the project. These include permanent, temporary, and 'ad hoc' committees.

PERMANENT	TEMPORARY	AD HOC
Committees set up on a permanent basis as part of a governance mechanism for the organization and are integral for management purposes. These, for the most part, include strategic planning, finance, HR, etc.	Committees set up on a temporary basis, usually for a project or conference. Usually reoccurring as part of the governance of the organization, yet not always essential for the management of the organization. These include, for the most part, annual conferences, annual general meetings, community projects, etc.	Committees set up on a case-by-case basis to respond to a specific issue facing the organization but seen as a 'one-off' and not on a recurring basis. For example, these can include succession committees, nominating committees, organizational change committees, etc.

While each organization is unique, typically board members participate and lead internal committees in all cases. While having staff and outside individuals sitting on internal committees in an advisory capacity was not unusual, it was rare that these individuals were allowed to be active participants in decision-making.

In all of these cases, internal committees act as an interlocutor between the board and the organization, allowing board members to oversee different parts of the organization and support the development of governance and management practices which are in line with the organization's mandate. Each of the internal committees is headed by the organizational leader, either CEO or ED, is present, and in some cases senior staff members are present to contribute – based on their experience – and provide support. Internal committees allow for the governance and management of the organization to be distributed amongst different entities, ensuring that the board of directors is not the sole body where these matters are discussed. The organizations interviewed for this project highlighted the need for this delegation of work, as committees with targeted mandates, such as finance and strategic planning, are required to adequately deal with all the issues, while also preventing burnout of board members and ensuring their active participation.

External Organization

External Committees

In addition to having internal committees, each of the OLMC organizations interviewed are also part of external committees in some way. In this instance, external committees refer to committees for other organizations. Each OLMC organization has its own reasons for joining an external committee, often to create and share a knowledge base/database, improvement of stakeholder access, and the enhancement of transparency between groups. This level of collaboration ensures, for many of the organizations, that resources are being pooled together for common benefit and that there is no or little duplication of services or support. Membership in external organizations is extended from the internal membership. Organizations will rely on their board members, leadership team, and employees to sit on external committees to gather and disseminate information. Some of the organizations assess their participation on external committees on a yearly basis, evaluating and assessing their relevance and impact on their community members and its capacity to fulfill its mandate and meet the needs in the region. However, in

other cases, sitting on an external committee is made on an individual basis, and does not need to directly relate to the mandate of the organization. Approval to sit on other boards is not always required from the board level, with a number of organizations allowing their members to join at their own discretion.

Interestingly, many of the organizations report that they sat on external committees of majority-language-organizations linked to either access, development, or representational bodies. This can create opportunities for connections and links with the majority linguistic community and can, therefore, be regarded as a major asset for OLMCs. Forming connections through these external committees, according to the organizations, helps build awareness, share and develop information, and access funding opportunities which may not have been otherwise available.

The choice to leave an external committee was also touched upon. As previously mentioned, if the role and the priorities of the external committee are not in line with that of the OLMC organization, they may decide to leave. This is often the case if the external committee does not contribute any substantial value to the organization in question, either through information sharing or networking development. In such instances, organizations may reconsider the value of remaining as a member versus the resources that need to be devoted to sitting on these external committees. Being part of an external committee also brings with it certain risks to the organization. In some instances, external committees can be viewed negatively by the local community, business, or government, which can in turn lead to repercussions in funding and to the image of the OLMC organization. This is particularly the case with very active external committees, especially if objectives are not met or there is a breakdown in the relationship between actors. In essence, participation in external committees can become highly politicized.

Multi-Stake Holder Groups

In addition to their participation on external committees, all the organizations reported that they were part of some type of multi-stakeholder group. Membership in multi-stakeholder groups, much like external committees, can help enhance members' representation, improve access to training, information and development opportunities. Building bridges and forming partnerships, sharing information, and ensuring representation helps to promote collaboration with majority linguistic groups in the different provinces. These multi-stakeholder groups aided in pooling resources between group members, as well as working in a collaborative manner to support members and their mandates. There were three different models' different types of multi-stakeholder groups:

GENERAL REPRESENTATION	SECTORAL REPRESENTATION	REGIONAL REPRESENTATION
Multi-stakeholder groups that provide general representation and membership, usually bringing together a large number of OLMC groups under their umbrella.	Multi-stakeholder groups that provide specific representation and membership to members of a sector (health, economic, etc.), making them more selective in their membership.	Multi-stakeholder groups that provide specific representation based on regional requirements (certain geographic areas) making them more selective in their membership.

However, while membership in multi-stakeholder groups could be beneficial, many of the organizations indicated that they regularly reassess the mandates of such groups to ensure that they complemented

their own mandates, as well as continually remaining informed regarding the groups' actions and initiatives. The need to carry out this assessment came not only from the limited availability of resources and the risk analysis when it comes to perception, but also ensuring that the groups were actually able to perform their activities. From the organization's point of view, this risk manifested itself in a number of ways, specifically with regards to poor representation, lack of support, insufficient leadership, and lack of transparency.

Representation, especially within multi-stakeholder groups, was highlighted as one of the main issues for organizations when deciding to join them or participate. Ensuring that the priorities of the organization are properly reflected in the multi-stakeholder group is extremely important, as well as ensuring that organizations are to be able to convey the needs of their membership to the leadership of multi-stakeholder groups in a constructive way. In return, the multi-stakeholder group must also provide support to each organizational member to fulfill their mandate. Organizations who choose to join multi-stakeholder groups look for some form of return on their time invested, not necessarily material, and if this return is not clearly manifested, they will question their membership with the organization.

Furthermore, group diversity, as well as regional representation, was noted as important for a majority of the organizations we interviewed, as well as a best practice when implemented correctly.
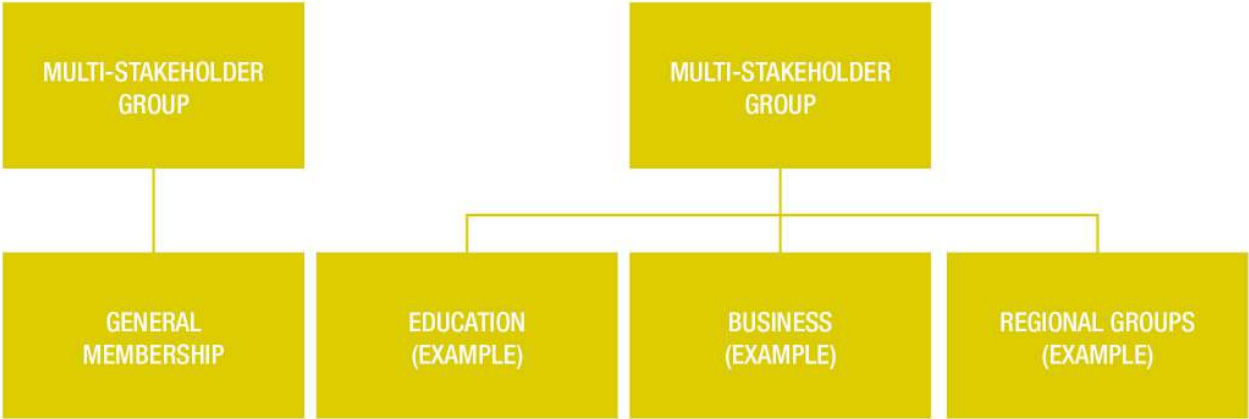
Ensuring regional representation, and having it clearly distinguished within the multi-stakeholder structure from other groups (like sector groups) so that all priorities are properly reflected is also considered a best practice amongst multi-stakeholder groups. This step not only helps to build trust, but it ensures that information on their priorities are conveyed to the leadership of the organization. It also ensures that concentrations of groups are not weighed too heavily towards centres with higher demographics.

On this last note, organizational leadership continues to be a common concern amongst our interviewees. A majority of the organizations in the three provinces interviewed for this project indicated that ineffective leadership, or leadership that is unwilling to open dialogue with their members, would decrease participation within the group or initiative. Concerns regarding transparency and accountability, as well as communication and an inaccessibility to the multi-stakeholder groups' leadership could also lead to a disconnect between the group and its members. Board nominations play a role in this, as poor processes for nominations and the separation of powers within the organization themselves can create

additional frictions. The end result of this can be periods of impasse which can impede the ability of an organization to function properly.

POSITIVE STRATEGIES	NEGATIVE STRATEGIES
▪ Fair representation of groups within the organization, based on, for example, sectoral or geographic criteria. ▪ Ensuring priorities of members are reflected in the organization's activities. ▪ Clear communication of activities with members. ▪ Positive and continuous dialogue with members, which can include formal conflict resolution mechanisms. ▪ Transparency of organizational information, especially as it pertains to finances and strategy. ▪ Support for members to develop new strategies, interact with other stakeholders, and access funding.	▪ Inaccessible leadership for most or all members of the organization. ▪ Inadequate representation of members within the formal governance structures of the organization. ▪ Lack of flexibility in responding to organizational issues when they arise. ▪ Poor communication of activities with members. ▪ Lack of transparency concerning strategy and finances of the organization. ▪ Poor support for members, particularly for participation. ▪ High investment costs by members with low levels of return.

The lack of transparency and communication was seen as a major reason partners would question their involvement within a multi-stakeholder group or initiative. This makes sense given that many of the organizations indicated that a primary reason for joining multi-stakeholder groups was to facilitate the sharing of information between different actors and open up opportunities – whether they be in terms of funding, collaboration or in terms of representation. When open lines of communication and lack of transparency were absent, organizations were more likely to question their members and less likely to remain a partner.

Common Stressors and Issues Faced

Social Issues

There were similar social issues that the organizations faced when it came to fulfilling their mandate when operating in an area dominated by a majority linguistic population. First, there are pre-existing perceptions of the linguistic communities, from both sides, which could hinder an organization's ability to deliver their services. This is especially true when organizations are geared towards bridging gaps between different linguistic communities. Second, especially for partners outside of significant demographic centres with minority linguistic community members, the availability of services tailored to said communities are limited, forcing organizations to fill in gaps on an as-needed basis. Demographic weight, for many of these organizations, is a major factor when providing service or support, as they find it difficult to mobilize sufficient resources to respond to every community need. Because of this, these groups needed to prioritize providing certain services or support over others, meaning that some issues, as well as members of the community, are not able to receive assistance. In all of these cases, the organizations reported that best practices include establishing formal partnerships with members of the same or opposite linguistic community to fill in gaps or having viable communication and action plans to respond

to the most pressing issues in a step by step process. For large groups, especially those which operate in larger geographic areas, the ability to mobilize resources from a range of organizations to respond to specific issues is critical.

Summary of Challenges

- Pre-existing perception of the linguistic community

- Unique needs of the community

- Lack of resources

- Low levels of engagement and mobilization of community members

- Changes in the community

- Reconciling social issues with funder priorities

- Working collaboratively with partners of the other linguistic community

Political Issues

Language, in all three provinces, continues to be not only a social stress but a political one as well. All the organizations reported that approaching language issues with certain government partners was challenging, and these partners were not always willing to address language issues directly. The participants did report that this was usually not done because of an unwillingness to help the minority linguistic community, but rather that government actors had a lack of understanding or information concerning the issues and solutions which could be implemented.

Interestingly, in both Ontario and New Brunswick, organizations reported that changes in government, either federally or provincially, would sometimes have adverse effects on their ability to carry out their mandate. This was either due to changes in funding, needing to form new relationships with government partners, or having government partners in power which were not as interested in addressing linguistic challenges. This often took place when the federal and provincial governments differed in terms of their ideological foundations (Conservative vs. Liberal, for example). Furthermore, organizations in all three jurisdictions also reported that frictions between federal and provincial governments could have negative consequences for their organizations, specifically pertaining to funding. If federal and provincial governments were not able to work together on linguistic issues, the responsibility for addressing them by one actor was often passed on to the opposite government actor – to the detriment of the organizations.

Québec organizations reported similar issues when it came to federal and provincial government relations. However, they also emphasized issues at the municipal level as being extremely problematic with regard to being able to carry out their mandates. Bridging gaps with these municipal actors, for most of the organizations, is a key challenge they are looking to address. However, the amount of time and resources necessary to engage with external government actors were seen as quite demanding – especially if the organization did not have them set aside already. Nevertheless, even when engagement with government stakeholders was successful, it was not always possible to align organizational and governmental priorities, leading to no real solution being put forward. A number of organizations reported that when their organizational priorities were not in line with government partners it would lead to difficulties when delivering support and services to the community. In cases where this arose, the organizations needed to

reorient their priorities so that they were as in line with the government as possible, expending considerable resources to do so.

In sum, the ability to consistently engage with government actors and keeping up to date with changes in government policies and programs was consistently raised as a priority challenge for the participants. Organizations reported a number of reasons why this was a challenge, including lack of resources (as previously touched upon), but also the reliance on informal communication channels when new programs or policies were undertaken. Informal correspondence led to delays in being able to mobilize a response, apply for new programs, or assess the impacts of policy changes on the community.

Summary of Challenges

- Government transitions
- Local government engagement
- Lack of external engagement funding
- Resources in engaging government actors
- Lack of communication concerning new programs and policies
- Alignment of priorities with government actors.

Financial Issues

All the organizations reported in some way on the issue of funding sustainability for their organizations. For example, project resources can change quickly or fail to be enough to successfully see a project to completion, as consistency in funding varied significantly with the political climate (i.e. elections). Organizations reported that during times of tight budgets they were required to make cuts, even if the programs were successfully delivering the support to the intended recipients. It should be noted that impact metrics are becoming increasingly important to funders, as they are looking for the measurement of the impacts from the different projects. However, these metrics can have additional administrative costs on organizations which are not sufficiently covered under the funding packages.

Administrative costs were another common issue raised, as they do not increase at the same levels as funding and do not always cover the actual administrative costs of the programs. This is a major issue for organizations that need to pool resources from various sources to cover their administrative costs, which can in turn limit their ability to innovate or upgrade their programs or services. This is extremely problematic as organizations need to remain competitive through the delivery of new services, yet do not always have the resources necessary to improve on the successful delivery of these services. Furthermore, staffing issues, especially in light of a competitive economy, can be a significant concern for organizations as they are often unable to compete with the salaries offered by businesses or organizations in other sectors. This creates difficulties in not only in finding employees, but also retaining existing employees who may find more lucrative positions in private industry or the public sector.

The organizations interviewed did report on a number of best practices when it comes to funding issues. Some of the organizations underscored how funding diversification is important. Reliance on one funding stream, for example government funding, places organizations in a precarious position where they must adhere to requirements from the funder even if those requirements are not in line with the organization's mandate. A major asset for NPOs is their capacity to have diversified funding models to reduce risk; still, these can bring additional risks if the funding is not sustainable. Another important best practice was to

increase formal collaborations to spread resources amongst different organizations, especially when providing services. Sharing personnel, especially if they are specialized in a specific role such as employment or health, helps cut down on costs for organizations and ensures that there are services available to the community. Furthermore, working with organizations in the majority linguistic community, as previously mentioned, is a good practice for mobilizing more resources and improving relations amongst communities.

Summary of Challenges

- Need for more funding to be able to provide support and services
- Retention of employees
- Difficulty accessing programs to collaborate
- Sustainability of funding
- Diversification of funding
- Rising administrative costs.

Restructuring Issues

Despite the robust structural governance mechanisms the organizations have adopted, there are a number of issues which place stress on the organizations. One of the most common stressors is restructuring, with most NPOs having undergone a governance or management restructuring phase in the past. The most common reasons for restructuring include growth of the organization, leadership transitions, changes in government or private funding, and revisions of the organizations core mandate based on political or social needs. Human resources, especially during periods of restructuring, was a consistent issue for many of the organizations, as it proved challenging to hire, train, and retain employees during such periods of upheaval. As organizations grew, or their mandates expanded, the pressures on employees grew, and were not always mirrored by training programs to provide them with the necessary skills to fill their new roles.

Restructuring, while often done once an organization has been established for some years, also presented challenges for new organizations. A number of organizations reported that they had initial difficulties engaging with their local populations or getting their mission and mandate out to their community members. Consistent messaging with community members, as well as ensuring that they were brought up to speed when organizational change took place, was a major hurdle for a number of organizations which needed to reorient their missions.

Restructuring at the board level or a change in the CEO or ED presented a specific challenge for a number of organizations. Board restructuring effectively changed the politics of the organization, altering the demographic weight and powers of certain members – especially if some members were permanent. The formalization of governance and management processes, as well as the roles of the board vis-à-vis the organization also presented a challenge, as in some cases the affected actors did not always easily adapt to the changing responsibilities of the board. The greatest challenge during restructuring at the board or leadership level, echoed by a majority of the groups, was that there needed to be strong leadership to oversee the transition process, and that the actors approached the process with clear mandates and understanding of their responsibilities were more successful in bringing meaningful changes. When

individuals acted in their own interest, or in the interest of their individual organizations, the restructuring process was hampered.

Changes in leadership, both in board composition and the CEO/ED, can also result in periods of instability if the restructuring process is not clearly defined and documented. Changes in leadership can derail the vision of the organization, as well as change the direction of the activities or programs in a way that can have negative effects on the sustainability of an organization. Changes to the leadership can be positive, however, and have a number of benefits if the transition is well organized. In all the cases where a transition in leadership took place, the organizations interviewed highlighted the need for a transition plan as well as an implementation phase. When it came to board transitions, many of the organizations advocated for a rolling transition of members so that there is not large number of empty seats at any one time. For organizational leaders, best practices also included having training and shadowing, as well as having a strategic plan which can be followed once they assume their position.

POSITIVES	NEGATIVES
▪ Can provide a sense of 'revitalization' for the organization. ▪ Can lead to the adoption of new programs, initiatives, and management plans. ▪ Can bring in new partners who can help support the organization. Can reorient the organization back towards its mandate.	▪ Can be seen as 'radical' by members. ▪ Changes not always able to be implemented within the current structure. ▪ Can derail the organization if poorly implemented. ▪ Can lead to issues between the board/leader/employees.

Changes in the mandate of the organization, or in the services/programs provided, also presented a major challenge for a number of the NPOs. For example, a few organizations saw their funding, particularly from government sources, change significantly, which in turn hindered their operations - especially when the changes brought new requirements regarding the eligibility of populations or types of investment. For example, a number of organizations indicated that when funding changed from federal to provincial responsibility it had unintended consequences on program requirements and delivery. In some cases, the intended target population changed when a program was transferred, forcing organizations to choose specific sectors of the population and overlook others. This was especially problematic when communities were categorized around imposed eligibility standards which were not reflective of the realities on the ground.

In other cases, organizations were asked to change their activities, either by government actors or their membership, from being purely support-based organizations to ones which were service-based. This caused significant restructuring issues for the organization, as they were forced to develop new service programs, hire new staff, and rebrand their organization to the community. Staffing and community relations were highlighted as specific challenges, and many of the organizations indicated that they had to restart their operations from scratch. Furthermore, the changes to their activities also prompted the need to restructure their internal governance and management practices to respond to new organizational requirements.

In other cases there was impositions by external funders on the types of clients which could be serviced or supported by an organization. For example, organizations within the minority linguistic community whose mandate is to promote social cohesion found it difficult to being able to support members of linguistic majority groups, or groups which do not fall under their minority directly – such as Indigenous populations. These groups fell outside of their funding criteria and were not recognized by the funding bodies yet were still part of the programs the organization was delivering. Consequently, organizations that wanted to provide general, socially encompassing support faced considerable barriers in being able to put forward more linguistically or socially inclusive projects.

As previously mentioned, organizational restructuring not only has potential negative effects on the organizational leadership, but also on members and partners, who may see the changes as unwarranted and unnecessary. Having to find a new position vis-à-vis community support, as well as ensuring that other mandates are not infringed upon, is a challenge when changing an organizations direction. Competition between NPOs, especially when it comes to delivering on their mandates, was mentioned a common stress from the organizations. A number of the participants, especially when delivering services, indicated that there was significant competition between groups to access funding sources and establish their mandates within the community. When organizations changed their community roles, especially when they began to deliver services which were in direct competition with another group, it led to increased tension between groups and made it more difficult to provide support to the community.

Stakeholder Engagement Best Practices

Engagement with external actors and the challenges that may emerge was a topic that came up continually during the consultation. The organizations interviewed for this project each indicated a number of successful measures they implemented to be able to engage in meaningful dialogue and improve collaboration. Based on the interviews, the strategies for engaging with government actors will be analyzed independently from the other actor groups – such as education and the private sector.

With Government Actors

Openness and transparency were a common theme that emerged in discussions regarding government actors, especially when a working relationship has been formed. This was especially true when it came to accessing information about projects and programs, as a number of organizations indicated that many government actors were interested in sharing data amongst their networks. The use of government actors to access broader networks also came up continually when it came to engagement, with all the organizations interviewed indicating that cultivating positive relations with one government actor could open up access to others. This could be accomplished through inclusion in projects and consistent updating on an organization's activities.

The organizations also mentioned that identifying which government actors could serve as allies during the process of engagement was key to success, and that maintaining these relationships by leveraging these government actors as a first point of contact was beneficial in the long-term. Multi-stakeholder groups, or representative groups, also play a role in forming relationships with government actors, as long as they implement proactive engagement strategies which are representative of their membership. This type of collaborative approach was highlighted by a number of the organizations interviewed as being the best practice in engaging with government actors and presenting them with actionable solutions rather than simply problems. When it comes to formal collaboration, for example funding programs or initiatives,

showing metrics of success and improving and/or expanding deliverables was key to opening up dialogue and garnering support from these actors.

Tailoring engagement strategies for a government audience is also extremely important, as this helps to guide and focus discussions. This can involve several approaches. First, understanding whom the government actor is, their role, and their interests, is important for aligning visions and presenting a compelling engagement. This requires research into the government actor, their background, and a pre-engagement briefing to ensure that positions and strategies are aligned.

Second, it is necessary to understand the position of government actors, as well as what they can accomplish within their respective government agency. For example, approaching policy managers or directors is more effective than approaching ministers when it comes to programs, since ministers often deal with high-level matters, while policy managers and directors have more experience with program delivery and development.

Third, it was necessary to distinguish between bureaucrats and politicians, especially for organizations that lobby government. With politicians, the focus should be on maintaining positive relations and providing them with information concerning their community, as their positions may change abruptly. It was also mentioned that it is essential that the same conversations were carried out with members of opposition parties, since governments can change quite abruptly. Conversely, bureaucrats were more consistent in their position within government structures, meaning that relationships could be cultivated over time and persist even if there is a change at the political level following an election.

There are two types of engagement strategies the groups touched upon – informal and formal – which need to be taken into account when creating an engagement strategy. Informal meetings were either seen as introductory meetings, or meetings which brought attention to a specific program, initiative, or strategy being undertaken by the organization. Their purpose is to cultivate a relationship. Formal meetings, on the other hand, were organized in order to generate a specific outcome, either change to a policy, access to funding, or setting up a consultation. However, trying to get a formal meeting without having first cultivated a relationship through informal approaches was seen as more difficult in advancing an organization's mandate.

Finally, the organizations interviewed highlighted the fact that when governments change, there is a chance that priorities of the incoming party will not necessarily align with OLMC organizational priorities. In cases where program or support priorities are not aligned, best practices suggest that organizations avoid engaging with government actors in a negative manner. Instead, organizations should make their position clear, and then move on to building relationships on issues that both actors can agree on. The interviewees indicated that it was very rare not to find middle ground when engaging with government actors, regardless of their political affiliation, and that under no circumstances should negative approaches be used.

With External Stakeholders

The organizations interviewed for this project followed similar patterns with external stakeholders, focusing on positive engagement, transparency, and collaboration. The active sharing of information with other groups was highlighted as integral for the minority linguistic communities to ensure there is no duplication of services and that resources are mobilized for the benefit of the community. Relationship building is key, to ensure that organizations and external stakeholders can respond in a coordinated manner to issues at the community level. There are a number of ways to do this. Strong leadership is one

method, since strong leaders can provide opportunities for collaboration, while also making space for external actors to take the lead where appropriate. Clear and consistent communications is another approach. Best practices also recommend that NPOs have formal engagement strategy tailored for external stakeholders to help guide strategies, and that leaders are qualified and trained in these strategies. Other helpful approaches include aligning priorities with external stakeholders, looking for win-win solutions, and focusing on engagement. This ensures that relationships are productive, while also limiting risks of unproductive relationships with external stakeholders.

CONCLUSION

The overview of different governance structures of OLMC groups in the three provinces, as well as how they manage stressors facing their organizations, yields a number of important observations which can be adapted and adopted by non-profits to improve their internal and external issue management.

With regards to internal governance, the report highlights three key areas of importance necessary for efficiency: leadership, rules, and mission. First, the organizations were unanimous in highlighting the need for strong and engaged leaders, both at the board and the CEO/ED level, who could work in unison to quickly and effectively respond to stressors facing the organization. Leaders that are resistant to change, unable to compromise, or avoided constructive dialogue to address issues, are seen as detrimental to an organization's ability to operate effectively. Further, having a healthy and successful relationship between the CEO/ED and the board was extremely important, as many of the organizations interviewed for this project reported that having a poor division of powers between the two levels negatively affected the organization's ability to operate.

Second, having clear and published rules, including by-laws, internal policies, financial plans, standard operating practices, and strategic plans, is essential for organizations to guide their activities. Doing so not only limits the risk of unmanageable issues occurring, as well as limits the chance of disagreement between the board, organizational leadership, employees, members, and external stakeholders. Furthermore, having these documents made public, as well as having mechanisms to review them on a regular basis, was seen as a best practice for ensuring continuity with changing governance norms and needs. The regular review of such documents was especially important for newly formed organizations, or those going through structural governance and management changes, as this prevents or mitigates potential conflicts.

Finally, having a clear and unique mission statement, as well as core values, is also important to ensure that organizations do not duplicate services or act in competition. Ensuring that this information is marketed in a clear and consistent way, both internally and externally, was at times a challenge for the organizations, as it takes considerable resources to be able to effectively convey messages. However, continuous communication, either through the sharing of information, projects, etc., was highlighted as a successful way of ensuring continuous dialogue and ensuring the mission or values of the organization is properly conveyed.

When it comes to stressors on the organization, sustainable and consistent funding emerged as a common theme amongst the organizations. Being able to cover project costs for the organization, as well as ensure that the projects were able to be delivered to the community and have an impact was highlighted, as well as the stain that increasing administrative responsibilities placed on OLMC organizations. Unfortunately, funding for organizations is never guaranteed, and information about the continuation of funding is hard

to come by, even if the program that was funded with this money was successful. Further complicating matters is the fact that the program requirements for levels of funding government were inconsistent, with some successful programs being put aside for new 'innovative' programs. This created difficulties when planning programs and added financial burdens on organizations as they had to use resources to continually secure new funding, as well as change their management to accommodate these new programs.

Administrative costs, for many of the organizations, is a common concern. For example, when applying for funding, the baseline administrative fee is usually less than 10% of the total budget, which is not always in line with the actual costs of the project. In fact, costs within some regions, in all three of the provinces, were significantly higher due to geographic remoteness and access to services. The administrative costs for maintaining the organization, including salaries, rent, and office expenses may also not be fully covered by funding, requiring organizations to pull together different funding sources to meet the financial needs of the organization. Funding for marketing, specifically, was brought up by several organizations, who saw increasing costs which were not indexed adequately within funding programs. Being able to deliver the message to community members was integral; however, without the necessary financial resources it was often seen as a difficult task to undertake adequately.

When it comes to external groups or initiatives, the organizations are clear concerning why they choose to join these organizations, as well as why they choose to leave. The organizations saw these multi-stakeholder initiatives as being good vehicles to mobilize resources, knowledge, and initiatives which could respond to issues for which individual organizations had less capacity. The mobilization of action in a collaborative manner was seen as a primary reason for joining a multi-stakeholder initiative, along with ensuring that organizations did not duplicate services or encroach on other groups' activities. Many of the organizations also indicated that these multi-stakeholder initiatives provided engagement opportunities with government and private actors, opportunities which could provide increases in funding, relationship building, and awareness for the organization. This also helped mitigate the costs for organizations if they chose to do these types of engagement themselves, providing a financial incentive when these multi-stakeholder groups included other groups during engagement processes.

Despite the benefits from joining a multi-stakeholder group, the organizations interviewed for this project also indicated a number of potential areas of concern. Governance and management of the multi-stakeholder group was indicated as the primary stressor that organizations may face when joining these groups. In a number of the interviews, respondents expressed that multi-stakeholder groups which were not transparent with sharing information, did not represent the priorities of the membership, and had leadership that was closed to dialogue and cooperation were unhelpful, which caused some organizations to choose not to join or to leave if already a member. While organizations did indicate that these issues were significant, they also indicated that there were opportunities for reconciliation when leaving multi-stakeholder groups. For organizations to rejoin these multi-stakeholder groups, it was necessary that they effectively address the issues which were raised at the time of their departure. However, the groups indicated that reviews of governance and management, especially during periods of stress, did not always take place – especially when organizations did not have formal conflict management policies in place. Regardless, when leaving these groups, the organizations interviewed for this project emphasized the importance of maintaining a positive relationship – from both sides – as groups can come back together.

The findings of this report highlight the various difficulties OLMC groups face in three provinces, as well as outlines some of their best practices with respect to management and governance. The report helps advance information on how organizations deal with stressors; however, there are points which can be expanded upon. First, a more complete understanding of the different types of OLMC's, as well as their governance and management models, is needed. During the course of the research, it was observed that groups that deliver services differ from those that focus on advocacy or are primarily representative in nature, particularly in terms of how they handle organizational stressors. Research breaking down the different types of OLMC organizations, and which governance and management models are most effective at limiting stressors would greatly improve the stability of organizations. Second, the impact of government actors could be expanded upon, especially when it comes to the impacts of funding on individual organizations. Sustainability of funding, as well as continuity of programs, were two stressors which were brought up, and an understanding of the government decision-making process in all three provinces would help expand on this body of knowledge. Finally, an analysis of communication methods and services offered, throughout the provinces, as well as their impact on internal and external relations, would aid in improving the effectiveness of organizations when dealing with stakeholders. Many of the organizations indicated that there is often a lack of communication, either between staff and the board or with external partners, which severely limits the ability of that organization to effectively fulfill its mandate. All of these future research directions would help improve the environment in which OLMC groups in Canada operate, providing information on stability, collaboration, and vitality.

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ANNEX 1

1. What is your organization's mandate?
2. What are the types of activities your organization undertakes?
3. Can you tell me about how your organization is structured?
    a. What is the composition of your board of directors?
        i. What is the responsibility of the board when it comes to external issues and challenges?
    b. Does your organization have any internal committees?
        i. If so, what are their purposes?
        ii. What is the value of using these internal committees?
    c. Does your organization sit on any external committees?
        i. If so, what are their purposes?
        ii. What is the value of using these external committees?
4. Are you part of any multi-stakeholder groups?
    a. If so, which ones?
    b. Why did your organization choose to join these groups?
    c. What pros and/or cons do you see from being a part of these organizations?
    d. How do you reconcile your organization's priorities with the priorities of these groups?
    e. Have there been major issues which have made you question your membership with these organizations? Why did you choose to stay or leave?
    f. When it comes to communication, what has been the most effective ways these multi-stakeholder groups have conveyed their activities and messages to your organization?
5. What are the most common stressors, or issues, your organization faces when it comes to fulfilling its mandate?
    a. Are there any specific social issues?
        i. How do you manage these issues?
    b. Are there any specific political issues?
        i. How do you manage these issues?
    c. Are there any specific economic issues?
        i. How do you manage these issues?
    d. Have any multi-stakeholder groups helped address these issues? If so, how?
6. Has your organization had to restructure due to internal or external issues?
    a. If so, what were the issues? (Funding, governance, social pressures, membership, disputes, etc.)
    b. What changes were brought forward to restructure or reorganize your organization?
    c. What were the largest challenges during the restructuring or reorganization of the organization?
    d. Was the restructuring or reorganization successful in responding to the issue it sought to address?
7. What strategy does your organization use when engaging with government actors? (Municipal, regional, provincial, and federal levels)
    a. How do you reconcile the priorities of government actors with your own?
8. Do you have any best practices you would recommend for dealing with external stakeholders?