Navigating uncertainty: Building resilience in Canada’s social sector

Understanding today’s landscape and the drivers of resilience

Canada’s social sector has been disproportionately disrupted by the financial, societal and health-related impacts of the pandemic and is experiencing an unprecedented rate of change.

Imagine Canada—an industry body representing Canada’s non-profits—has suggested that, in a worst-case scenario involving six months of enforced isolation and a more severe economic downturn, the sector could lose up to CA$15.6 billion in revenue and lay off approximately 194,000 employees—twice as severe as the overarching impacts of the 2008/2009 recession.

Leaders of non-profit organizations, charities and other social purpose entities that comprise the social sector are working extremely hard, yet their efforts often go unnoticed. Their organizations have faced significant revenue declines after the large-scale cancellation of fundraising events, compounded by the challenges related to essential service delivery for those most in need. Volunteer availability has been dramatically reduced due to social distancing, further straining operating models and requiring new approaches. Social sector leaders are at high risk of burnout at a time when society needs them most.

While these combined impacts are significant, the current environment also presents the social sector with new opportunities to embrace change. Our society is on the edge of a new world of work—one brimming with ways to reimagine how we use technology to collaborate, innovate and deliver differently. Organizations that equip their workforce with the necessary tools and skills needed for the future of work will be better positioned to manage adversity and build resilience.

The dedicated leaders in Canada’s social sector have always sought new approaches to fulfill their social, environmental and cultural missions with a lens to helping address issues like structural and systemic inequity. Their hard work and dedication are driving a renewed interest in finding sustainable ways to operate in a virtual world and navigate uncertainty to ensure no Canadian is left behind in a digital divide.
In consultation with the McConnell Foundation, PwC Canada has undertaken a series of one-on-one interviews with key informants, stakeholder roundtables and a survey that solicited the views of 548 social sector leaders from coast to coast. Our goal was to build upon the existing research to better understand the longer-term impacts of the pandemic on Canada’s social sector and the opportunities they have to upskill and build organizational resilience in the new world of work.

We focused on three key areas:

- **Capacity**: In what ways can the social sector adapt to meet new needs under changing conditions?
- **Structure**: How can the social sector refresh business models and rethink strategic plans to better prepare for the long term?
- **People**: How can upskilling opportunities help motivate, connect and prepare social sector leaders for the future of work?
Insights at a glance

Key insight #1
Social sector leaders need to pivot from a focus on immediate impacts to a longer-term view

Canada’s social sector must transform existing ways of working and look for new approaches to meet pressing community needs. Organizations reported the three most significant organizational impacts resulting from the onset of the pandemic as an immediate transition to working virtually, increased demand for services and service disruption to clients. These short-term structural pivots were in contrast to the people-related issues that ranked the lowest and might have the most significant impact on operational sustainability: investments in training, reduced work hours, layoffs and scenario planning.

All said, 50% of organizations have continued to invest in training opportunities for their employees, but there appears to be a mismatch between the skills identified as most important for navigating long-term uncertainty and the areas prioritized in current skills development initiatives.

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<tr>
<th>Most important needs to explore:</th>
<th>Most prioritized skills:</th>
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<tbody>
<tr>
<td>1. Adapting services</td>
<td>1. Virtual service delivery (57%)</td>
</tr>
<tr>
<td>2. Revising strategy</td>
<td>2. Adaptability (43%)</td>
</tr>
<tr>
<td>3. Developing new services</td>
<td>3. Training in new software (37%)</td>
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<th>Least important needs to explore:</th>
<th>Least prioritized skills:</th>
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<tr>
<td>1. New leadership</td>
<td>1. Environmental scanning (10%)</td>
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<tr>
<td>2. Mergers and/or partnerships</td>
<td>2. Governance (12%)</td>
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<tr>
<td>3. Upgrading measurements/data</td>
<td>3. Financial literacy (16%)</td>
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Social sector leaders may be overemphasizing short-term risk, missing the opportunity to reimagine the nature of their work to support longer-term sustainability. By refocusing on how to invest time to help upskill in new capabilities, leaders can quickly pivot towards digital strategies and adapt to changing market conditions. At a time of fresh opportunities to transition to digital operations and virtual service delivery, the degree to which organizations can benefit from rapid technological change will largely depend on the skills they invest in developing.

I wish we could have been more decisive about some of our bigger projects that went into ‘sleeper’ mode. We are still trying to pick up the slack. Hindsight is 20/20. It feels like an awful thing to say but it still rings true.

— Quote from a non-profit CEO interviewee
The social sector has always found ways to adapt to rapidly changing social conditions, but data suggests that organizations are continuing to prioritize structural solutions, like taking fundraising events virtual to mitigate financial impacts.

Empowering new structural thinking, like building coalitions with unusual and diverse stakeholders, using open-source learning platforms across sectors, crowdsourcing ideas rooted in data or learning new technologies on the job, will help organizations become more agile and innovative.

Leaders must also consider how to match the right mix of skilled and adaptable people with the culture and structure they are building for the future. Fewer than 20% of survey respondents identified developing employees’ skills in design thinking, data analysis, problem solving or governance as a priority to help develop new solutions to connect with their constituents.

Virtual work presents new opportunities for teams to use technology to engage, collaborate and find efficiencies that build relationships while driving longer-term effectiveness. By investing in the right skills to help people move from a short-term focus on “business as usual” towards a culture of lifelong learning, leaders can help promote the mindset and behaviours required to transform and adapt to an increasingly digital world.

Key insight #2
Collaborative technologies can create more agile organizational structures that empower diverse thinking

Our team has leveraged the opportunities that have stemmed from the pandemic. We have undertaken a strategic refresh and committed to not going back to the way things were before. We’ve involved the community and neighbourhood organizers through an innovation hub to generate social R&D and plan on sharing these insights to help others adapt.”

— Quote from a non-profit CEO interviewee
Key insight #3
The business case to invest in upskilling and new ways of working is clear, but it isn’t being prioritized

Making room for skill building within social sector organizations remains a challenge. On average, 75% of organizations rated strategic planning, scenario planning and service adaptation as immediate and critical needs. Fewer than one-third currently have the employees with the skills to help them address these challenges and require additional expertise.

There was a sentiment from management teams that employees would have a limited interest in developing new technical skills given their current workload and risk of burnout, instead of choosing to focus their time on immediate operational needs in achievement of the organization’s social mission.

This was in contrast to PwC’s recent Workforce of the Future study that found that 86% of social sector employees said upskilling would improve their job performance, especially now, but only 67% said they had access to upskilling opportunities.

This reinforces a potential disconnect between management perception and employee interest, illustrating an opportunity to reimagine ways to prioritize upskilling to reap its benefits—a win-win for the employee and the longer-term sustainability of the organization.

Percentage of organizations that feel it is important or very important to make strategic investments in the areas of...
Key questions to help leadership teams adapt to what’s next

**On society’s shifting context**

**Equity, diversity and inclusion:** How can we better listen, learn and engage with diverse communities and perspectives to help share power, address systemic inequity, influence and address blind spots and take meaningful actions to create a more inclusive and equitable approach to our organizational mission?

**Building the skills required for the workforce of the future:** How can we adapt the mindset of our organization to prioritize employee development as roles transform?

**On non-profit models of the future**

**Building collaborations and coalitions:** In what ways can we kickstart opportunities for new structural conversations, like coalitions or amalgamations, given the current governance and leadership opportunities faced by our boards and leadership teams?

**Upgrading measurement and data insights:** How do we become more data-driven and invest in technical capabilities related to data analytics to help drive efficiency, effectiveness and our societal impact in the long term?

**On fulfilling leadership potential**

**People and new leadership:** How can we encourage agile leadership across all levels of our organization to help with longer-term strategic thinking? How can we reward and incentivize forward-thinking leaders who recognize that we aren’t going back to the way we did things before and embrace new ways of working?

**Scaling knowledge:** How can we bring a larger number of people up the curve by thinking about the skills we need tomorrow while focusing on new ways of doing work today?
Checklist for boards, management teams and funders to prepare for the future

**Shifting the mindset**

Social sector boards and leadership teams will require a shift in focus toward reimagining their mission, theories of change and workforce capabilities to meet the needs of society over the next 1–3 years.

- Understand how the organizational culture is transforming and setting a vision for navigating uncertainty
- Revalidate the case for change and if, how or why the organization remains relevant
- Assess current workforce capabilities and skills required for the longer-term fulfillment of the social mission
- Identify skills gaps, mismatches and investments required to succeed

**Empowering learning for the long term**

Social sector boards and management teams can help spur employee innovation by co-designing learning journeys with employees that help curate the right mix of skilled and adaptable people, aligned to the right mindset and behaviours.

- Align rewards and incentives programs with digital transformation initiatives
- Give employees time to work across systems to help scale new ideas and solutions to problems worth solving for tomorrow, versus current day-to-day concerns
- Implement data-driven metrics to iteratively track performance and measure what is consistently relevant to fulfilling the longer-term mission

**Aligning support to help future-fit the sector**

Funders can recognize, validate and support the longer-term transformation requirements at social sector organizations. For example, Imagine Canada undertook an analysis in their 30 Years of Giving in Canada study: CRA data showed registered charities reporting $5.3 billion in tax-receiptable donations from institutions like governments, businesses and foundations. If funders considered directing 10% of these contributions to help support longer-term digital and upskilling initiatives, they could help generate $530 million in support for social sector leaders to build more efficient and effective capabilities.

- Consider removing restrictions on new and existing funding commitments to support initiatives that help social sector organizations improve their employees' relationship with data and technology
- Consider investments required by social sector boards and management teams to explore new organizational structures, models and ways of doing work