



PROJECT COLLABORATORS



Rural Development Institute
 Brandon University
 270-18th Street,
 Brandon, MB R7A 6A9
204-571-8515
brandonu.ca/rdi



Rural-based Community Foundations: Understanding Their Organizational Capacity and Development

Authors: Wayne Kelly, Courtney Feldman, Alan Goddard, and Gary McNeely

INTRODUCTION

Within Manitoba and across Canada, community foundations (CFs) are charitable organizations that contribute to community well-being by providing grants and programming to the local communities. Over time, this spirit of community philanthropy has evolved in response to community needs and priorities. Further, given declining government investments in rural municipalities, a CFs impact in their community can be significant [1].

Despite their common mission to enhance community well-being, Manitoba's CFs have a significant diversity in their respective financial asset bases and a considerable range of experiences and capacities [2]. As acknowledged by Endow Manitoba, a program of The Winnipeg Foundation dedicated to advancing the sustainability, growth, and impact of Manitoba CFs [3], few CFs operate with professional, full-time staff; instead, many rely on volunteers to manage communication, steward donors, and manage the grant awarding process. The challenge for many CFs is developing their organizational and operational capacities to maximize social and economic impacts that enhance community well-being (See companion document: Knowledge Brief – Frameworks of Community Well-being Applied by Community Foundations).

Research Context:

To research Manitoba CFs' capacity, Endow Manitoba consulted with the majority of Manitoba CFs and key stakeholders, asking what success is and what goes into achieving this success for a CF. These efforts identified over 70 exemplary practices categorized into five core, inter-connected functions of CF operations: Governance, Finance & Administration, Fund Development, Grant Making, and Strategic Initiatives. Endow Manitoba then mapped these functions against a development maturation model [4] to separate these functions along a three-stage continuum of CF capacity: Emerging, Developing, and Accelerating. This maturation model, much like others that align with specific industry sectors such as Information Technology, Management, and Non-Profits [5,6,7] provided a framework for recognizing CFs' different levels of organizational capacity for these...

core functions. It is now identified as the Endow Manitoba Community Foundation Sustainability, Growth, and Impact (SGI) Model. See Figure 1. This SGI model directs the work of Endow Manitoba in providing services, programs, and support that will move each CF in Manitoba through these stages of CF development. Following the development of this framework, Endow Manitoba undertook a research project with the Rural Development Institute at Brandon University in 2020 to scan the literature as it relates to the specific attributes and best practices of the five core functions of CF operations, as identified through Endow Manitoba's engagement.

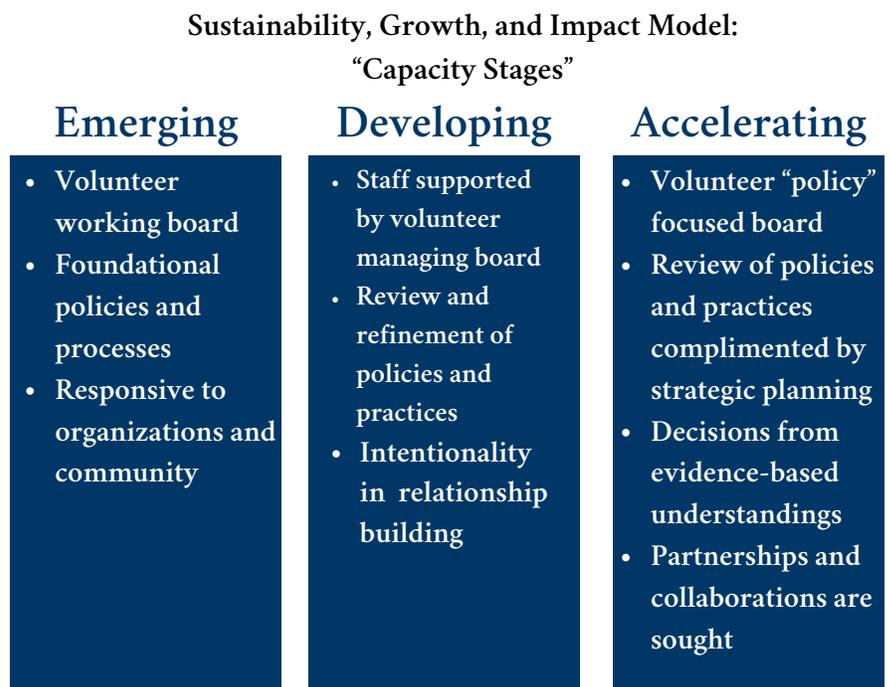


Figure 1.

The research project aimed to understand how to better support a CFs development, thereby expanding their capacity to enhance community well-being. The literature scan involved five steps leading to the final report, commencing with identifying six (6) major databases and selecting key search terms, followed by an iteration of three (3) scans to isolate 162 articles and a systematic review of a final 93.

RESEARCH FINDINGS

Due to capacity restrictions of the research project, two core functions were focused on: Grant Making and Strategic Initiatives. These two functions were chosen as they were identified by Endow Manitoba, supported by their extensive community engagement, as the functions that allowed for the greatest change and support that would significantly impact community well-being. The scan coalesced around several key overarching principles: Community Well-being, Capacity, Leadership, and Inclusion, Equity, and Diversity. Diving deeper into the two core functions, a couple of specific activities were also identified as critical to understanding all three capacity levels to ultimately enhance community well-being. This brief examines CF capacity first in terms of the three (3) overarching principles before exploring specific activities within the Strategic Initiative and Grant Making functions. (For a deeper understanding of community well-being, see the companion brief – Frameworks of Community Well-being Applied by Community Foundations.)

Capacity

For CFs, capacity is essential to effectively undertake its core activities and grow as an organization. The literature scan revealed a few definitions of capacity related to community. Capacity describes how people in a community work together and the knowledge and skills they can use to organize and leverage resources to achieve collective goals and objectives or address problems [8]. This reliance on community assets and resources involves the interaction of human and social capital with organizational resources to achieve specific goals, such as developing specific skills, job creation, asset building, business development, and community

revitalization [9]. In this sense, the capacity of the community and their CF directly impacts the CF's ability to enhance community well-being and enables its community to maintain a healthy and thriving economy, society, and environment that adapts to external and internal stresses [10]. Accordingly, CFs have great potential to advance the development processes and promote long-term community sustainability and vitality [11]. Greater capacity enables CFs to be community leaders. By building networks and engaging the community, CFs work collaboratively to help identify community vision, goals, and priorities. This is why the development of CF capacity is essential for organizational growth and enhanced impact on community well-being. Through Endow Manitoba's engagement, it has been noted that Manitoba CFs' capacity varies across the three levels of organizational development according to their knowledge, technical skills, staffing, available resources, and interests. This was noted in Emerging CFs' limited staff, skills, and resources capacity to conduct activities outside the core operational work required of a CF. This is compared to Developing and Accelerating CFs that have more capacity (including staff, skills, and resources) to expand their core work into community engagement and research areas.

Leadership

CFs are embracing more of a community leadership role as they recognize that grants alone cannot fully advance community well-being, a shift away from the perception of being a community bank account [12]. Whenever CFs support existing community priorities or establish strategic approaches to exploring new opportunities, they embrace community leadership [13]. Leadership activities position CFs as effective agents of community change by creating meaningful social networks that support generating and distributing knowledge to stimulate social capital and accountability [14]. This exercise of leadership enables CFs to utilize their human and financial capital to support vulnerable communities, promote relationships within the community, increase the impact of their grants on the community, and contribute to sustainable development. Endow Manitoba also noted that CFs' attention to leadership varies across the three development levels. While Emerging CFs were thought to play less of a leadership role in their communities, these CFs are still actively working to build their leadership role to generate community social capacity through networking and building the organization's financial asset base. Developing and Accelerating CFs seem to focus more energy, time, and capacity on leadership programs to increase their CFs impact on social capital and well-being. CFs at these more advanced stages of development were noted as leading through the integration of the principles of inclusion, equity, and diversity into their routine and strategic work.

Inclusion, Equity, and Diversity

Inclusion, equity, and diversity are critical principles to inform CF operations. Inclusion was highlighted as a process whereby CFs apply capacity and leadership to engage community members, especially socially and economically vulnerable individuals, through intentional opportunities to be involved in the attainment of community well-being [15]. When CFs actively involve heterogeneous individuals and communities to address community priorities and enhance well-being, CFs act on the principle of diversity [16]. By integrating inclusion, equity, and diversity principles in their core functions, particularly Strategic Initiatives and Grant Making, CFs broaden their impacts on community well-being. This extended distribution of impacts enhances community vitality and resilience and facilitates effective participation among all community members, thereby increasing a greater sense of belonging [17].

Endow Manitoba’s engagement noted that each stage of CF development approaches integrate inclusion, equity, and diversity principles differently. Emerging CFs tend to focus their energy and time on the ‘known’ and familiar geographical, social, and economic categories of their community, which is often represented on their board and, in turn, informs the CFs’ activities and decisions. Developing CFs understand and initiate inclusion and diversity within their operations by strategically engaging diverse ethnic groups, social and economic classes, and age groups in their core activities. Accelerating CFs generate authentic representation in all their activities to create equitable representation and accessibility to all voices of underrepresented populations across the community.

COMMUNITY FOUNDATION CORE FUNCTION ACTIVITIES

There is a critical relationship between a CF’s level of organizational development and its core functions that immediately impact their ability to enhance community well-being. Within the Strategic Initiatives core function, these activities include community engagement and generating community knowledge. Within the Grant Making function, these activities involve awarding grants and measuring their grants’ impact on community well-being. Depending on its organizational stage of development, CFs have variable ability to undertake these activities, leading to a measurable impact on community well-being.

Strategic Initiatives

Community engagement

The literature review highlighted that community engagement involves convening with community members and organizations. The participation of these gathered groups to inform community needs, priorities, and future solution-oriented action is an essential element of community engagement. For CFs, bringing diverse groups of the community together through conversation on specific topics promotes collective capacity building and development that addresses community priorities and ultimately enhances community well-being [18,19].

The most impactful outcome of community engagement is building social capital (relationship-based) within the community and between CFs and other organizations and leaders. CFs have a leadership role in their communities, so active community convening that builds networks to support well-being priorities is a measure of success.

Organizational maturity and capacity requirements (social, financial and human) increase in tandem as the complexity of community engagement progresses.

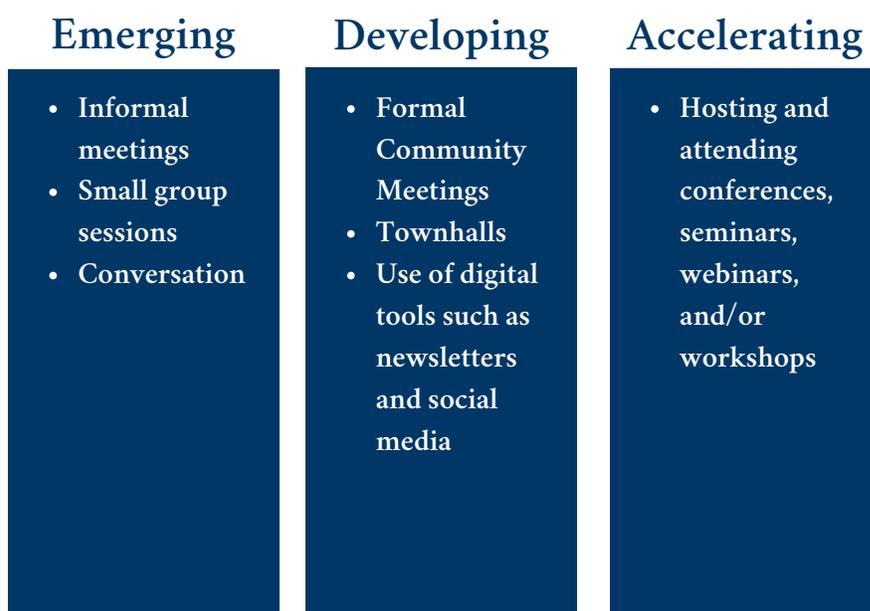


Figure 2.

CFs are well-positioned to lead community engagement as they are typically well-regarded and respected [16]. Community engagement is the primary tool that CFs use to build trust and relationships that lead to inclusive and effective decision-making [20]. Moreover, CFs naturally garner attention and engagement in the communities they serve since they have resources to disburse through grant making [21].

The range of community engagement activities varies by resources, capacity, and level of development. As the focus of the CF shifts from increasing its financial assets through donor stewardship to active engagement of the overall community that fosters collaboration, the organization's development and capacity are enhanced. CFs can recruit volunteers to raise awareness, promote inclusion, and build networks across their community, focusing on vulnerable and underserved populations [22]. Figure 2 highlights the evolving nature of examples of community engagement.

Generating community knowledge

Knowledge generation can be defined as how CFs understand and appreciate what is happening in their communities. Some approaches to knowledge generation include the assessment of needs and assets in the community and indicator projects aimed at monitoring well-being and vitality. By undertaking these assessments, CFs are better equipped to help guide and support groups in setting priorities, mobilizing knowledge and resources, and implementing action to solve issues [23, 24]. Generating community knowledge is also a foundational step for CFs to measure the impacts of their grants and other strategic initiatives [25].

The literature established that community knowledge generation and research require CFs to have some level of organizational development and capacity. While some data collection approaches can be implemented with basic skills and resources, more advanced tools and activities require substantial human, social and financial resources. Basic approaches for needs identification involve community conversations, meetings, and exposure to priorities and issues that include community networking, committee participation and targeted discussions [26,27]. These approaches require individuals and the CF to be able to host and facilitate meetings and participate in committee work. More intermediate data collection tools were identified as stand-alone surveys, focus groups, and interviews. The capacity to develop and utilize these research methods suggests more than basic skills and experience are needed. Several more advanced techniques were described in the literature, including a community benchmark survey [28], an appreciative inquiry

Organizational maturity and capacity requirements (social, financial and human) increase in tandem as the complexity of research methods progresses.

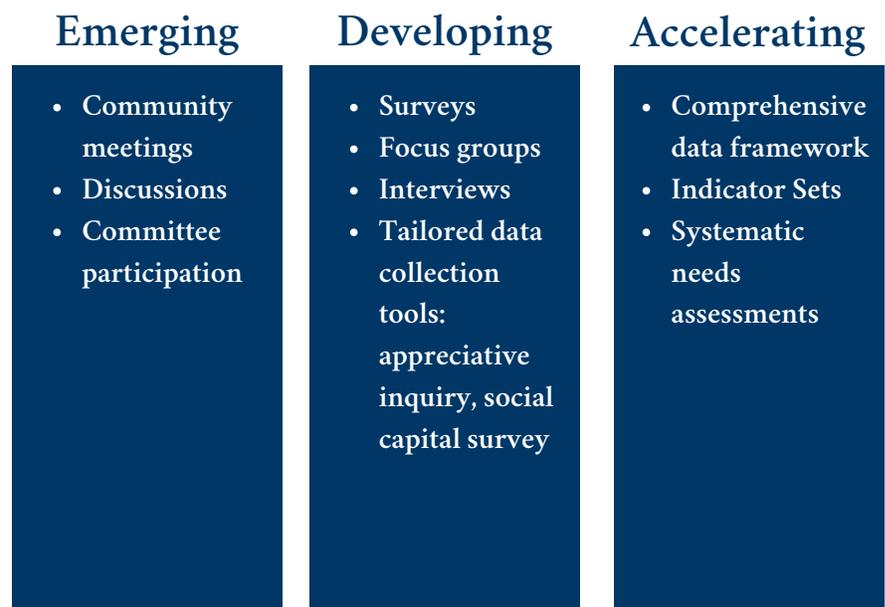


Figure 3.

[29], visioning exercises [30], and mixed method approaches such as the Canadian Index of Well-being and Vital Signs. The latter approaches require substantial data collection skills and the organizational and financial capacity to plan, coordinate, and fund extensive data collection. While these comprehensive data collection approaches and indicator frameworks may be ideal, the capacity to implement these approaches, as they are currently designed, exceeds the ability of most Manitoba CFs [31, 32]. This is illustrated in the Figure 3.

Grant Making

Grant Awarding

The grant making function provides a bona fide process for accepting applications, developing criteria for and awarding grants based on identified community priorities, and an evaluation process that supports the alignment of community dollars with community-prioritized changes and desired impacts. Based on the research, most CFs utilize a decision-making framework to align grant awards with community-identified priorities. This results in the CF supporting change and impact within their community that the community defines as a priority area of focus.

The grant awarding is an essential activity of CFs for several reasons. For Emerging and Developing CFs, this is one of the most visible ways they can engage their communities, exercise leadership, and make positive changes in their communities. Grant awarding by a CF illustrates the strategic approach that funds pooled can have on community-led initiatives. By awarding grants, CFs can help community organizations build capacities aligning with and supporting their community well-being centric missions. Grant awarding strengthens community capacity, builds networks of trust with local organizations, and builds a culture of community generosity. Grant awarding can also contribute to meaningful and sustainable social change in the community he CF serves. Providing grants to community groups, particularly first-time recipients, helps strengthen local capacities and resiliencies of the local charitable sector and the groups receiving grants [33]. In this way, CF grant awarding invests in local assets that can be built upon and mobilized to help disadvantaged or excluded members of society [34]. Grant awarding can thus be a valuable tool for building social capital [28]. Examples include CFs awarding grants to groups committed to projects that promote volunteerism, civic engagement, increasing philanthropic giving, and building local leadership and capacities.

The literature revealed that most CFs leverage a grant awarding framework influenced by the CF vision, mission, values, and leadership priorities. And yet, grant awarding practices differ for all CFs since each has unique skills, competencies, and expertise. Figure 4 outlines the evolution of grant awarding practices based on the CF’s capacity.

Organizational maturity and capacity requirements (social, financial and human) increase in tandem as the complexity of grant making goals progress.

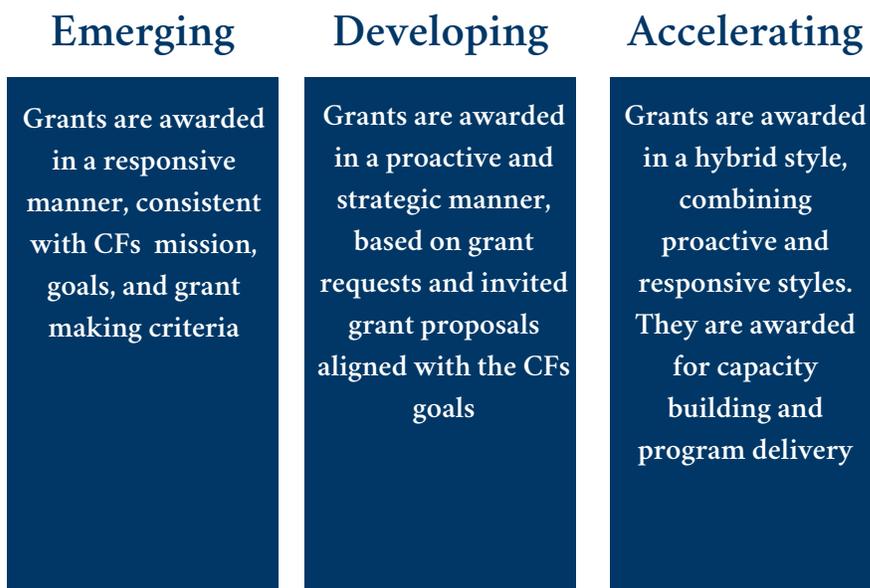


Figure 4.

Grant Impact

Grant impact is the reporting that showcases the alignment of community generosity with grants that support community-identified well-being priorities. This activity intends to support understanding and evaluate the aggregate impact of CF granting practices on community priorities. In general, grant impact and the impact of CFs are often understood in different ways. They are often judged based on models that assess the impact of outcomes, success, performance measurement, effectiveness, efficiency, or community change [35]. As such, grant impact can be understood as the assessment of the effectiveness of grantees and the CF grant making in allocating funds that bridge the gap between community resources and priorities.

The assessment of grant impact is important for CFs because it supports accountability. Assessing the impact ensures that grantees spend the grant consistently with their initial agreement, which provides improved trustworthiness between the grantee, the CF, and community stakeholders. Assessing impact also allows the CF to learn from its granting experiences to increase the impact of future grants and improve overall performance [36]. From a donor stewardship perspective, measuring the success of a grant allows the

Organizational maturity and capacity requirements (social, financial, human) increase in tandem as the grant assessment methods increase.



Figure 5.

CF to communicate the return on their donor’s investment in the CF and, through them, the community. The impact assessment also helps the community and the CF to develop capacity. Community leaders benefit from learning evaluation techniques that measure outcomes and impacts [13]. This learning can be a driving force behind collaborative action-oriented efforts with community organizations [17]. Assessing a grant’s impact relates to the CF’s research efforts, which helps the CF gain skills for tracking changes in the community that occur over time because of their grants. Figure 5 highlights the changes in grant impact assessment within a CF related to increasing capacity and development.

FUTURE RESEARCH

- Identify incremental changes and specific means to increase the capacity and development stage of CFs.
- Identify specific means to understand and apply concepts of community well-being in the operations of CF to enhance impact.
- Continued research into the other core CF functions not included above, including Governance, Finance & Administration, and Fund Development.

References:

1. Gibson, R., Barrett, J., & Vodden, K. (2014). Fostering Sustainable Futures for Rural Community and Regions through Philanthropy. *Fostering Sustainable Rural Communities through Philanthropy*, 1–33.
2. Gibson, R. & Shanghvi, I. (2009). *Diverse, dynamic, and dedicated: A scan of community foundations in Manitoba: Understanding challenges, opportunities, and contributions to communities*. Rural Development Institute. Brandon, Manitoba. Retrieved from <https://www.brandonu.ca/rdi/files/2011/07/ScanofMBsRuralandNorthernCommunities-2009Report.pdf>
3. Endow Manitoba (2023). The Winnipeg Foundation. <https://www.endowmb.org/>
4. Heller, A., & Varney, J. (2013). Using Process Management Maturity Models. A path to attaining process management excellence. American Productivity & Quality Center. <https://www.apqc.org/>
5. Curtis, B., Hefley, B., & Miller, S. (2009). *People Capability Maturity Model (P-CMM) Version 2.0, Second Edition. TECHNICAL REPORT CMU/SEI-2009-TR-003*, Carnegie Mellon University.
6. Chen, Y-C. & Wang, Y-J. (2018). Application and development of the people capability maturity model level of an organization. *Total Quality Management*, 29(3), 329–345, <https://doi.org/10.1080/14783363.2016.1184568>
7. Hein-Pensel, F., et al. (2023). Maturity assessment for Industry 5.0: A review of existing maturity models, *Journal of Manufacturing Systems*, 66, 200-210, <https://doi.org/10.1016/j.jmsy.2022.12.009>
8. Tandoh-Offin, P. (2011). The State of Community Development Foundations in South Carolina and its Implication for Rural Development. *International NGO Journal*, 6(2), 48-56.
9. Marre, A.W. & Weber, B.A. (2010). Assessing community capacity and social capital in rural America: lessons from two rural obserbatories. *Community Development*, 41(1), 92-107.
10. Kevany, K., Singh, S. & Singh, K. (2013). *Rural Community Partnerships for Well-being: Enhancing Resiliency, Vibrancy, Prosperity, and Sustainability with Facts and Fantasy*. In: CU Expo 2013, June.
11. Phillips, S. D., Bird, I., & Rose, L. (2016). Knowledge as leadership, belonging as community: how Canadian community foundations are using vital signs for social change. *The Foundation Review*, 8(3), 66+. <http://dx.doi.org.proxy.library.carleton.ca/10.9707/1944-5660.1314>
12. Lachapelle, P. (2020). Assessing the potential of community foundation leadership through a new conceptual lens, *Community Development*, 51(2), 93-106, <https://doi.org/10.1080/15575330.2020.1750445>
13. Fuller, E. (2014). *Unlocking the potential of Australian community foundations: Influencing a more locally responsive and effective allocation of resources.* Center on Philanthropy and Civil Society.
14. Thompson, V. (2012). *African American Philanthropy: Community Foundations' Giving to Minority-Led Nonprofit Organizations*. SPNHA Review, 8(1), 6.
15. Scott, K. (2010). *Community Vitality: A Report of The Canadian Index of Wellbeing*. University of Waterloo, Canada: Canadian Council on Social Development (CCSD).
16. Wu, V. C.-S. (2019). *The Geography and Disparities of Community Philanthropy: A Community Assessment Model of Needs, Resources, and Ecological Environment*. Voluntas, 1–21
17. Carlton L. & Lyons, S. (2020). "Community foundations at work: Mobilizing and connecting place-based philanthropy". In *Canada Landscape, Indigenous Perspective and Pathways*, 216.
18. Cheuy, S. (2018). "Community engagement: a foundational practice of community change". Retrieved from: <https://www.everychildcq.org/wp-content/uploads/2018/06/Community-Engagement-A-Foundational-Practice-of-Community-Change-Sylvia-Cheuy.pdf>
19. TCC Group (2020). *Briefing paper: A Framework for the Effective Evaluation of Convenings*. Retrieved from: https://www.tccgrp.com/wp-content/uploads/Evaluation-of-Convenings_2020.pdf
20. Dale, A. & Ling, C. (2011). "Community Vitality Index: Tool Some Preliminary Thinking." https://www.crcresearch.org/sites/default/files/html_files/discussion-papers/vitality_-_preliminary_thinking.pdf
21. Stewart, A. (2017). *Inside the Black Box: Investigating Philanthropic Foundation Strategies in a Dynamic Environment*. *The Foundation Review*, 9(4). <https://doi.org/10.9707/1944-5660.1387>
22. Emery, M., & Flora, C. (2006). Spirling-up: Mapping community transformation with community capitals framework. *Community development*, 37(1), 19-35.
23. Buckley, E. & Cairns, B. (2015). *New ways of giving by UK trusts and foundations: high engagement funding practices*. <https://www.ivar.org.uk/wp-content/uploads/2016/09/IVAR-New-ways-of-giving.pdf>
24. Ostrower, F. (2007). *The Relativity of Foundation Effectiveness: The Case of Community Foundations*. *Nonprofit and Voluntary Sector Quarterly*, 36(3), 521–527.
25. Lowe, J. S. (2004). *Community Foundations: What Do They Offer Community Development?* *Journal of Urban Affairs*, 26(2), 221–240.

26. Kilmurray, A. (2015). Participatory Decision-Making in Contested Societies: Examples from the Field of Community Philanthropy. *The Foundation Review*, 7(3), 8.
27. Saxton, G., Chao Guo, S. & Brown, W.A. (2014.) New Dimensions of Nonprofit Responsiveness: The Application and Promise of Internet-Based Technologies. *Public Performance and Management Review* 31(2), 144-173.
28. Easterling, D. (2008). The leadership role of community foundations in building social capital. *National Civic Review*, 97(4), 39-51.
29. Cunningham, G. & Peters, B. (2018) "Asset-based and citizen-led development". Retrieved from: <https://people.stfx.ca/bpeters/ABCD%20Diploma%202018/ABCD%20Manual%20Diploma%202018.pdf>
30. Hoxie, C., Berkebile, R. & Todd, J.A. (2012). Stimulating regenerative development through community dialogue. *Building Research and Information*, 40(1), 65-80.
31. Etuk, L., Keen, M., & Wall, C. (2012). "The factors associated with rural community success: a review or rural community vitality research." Oregon State University. https://ruralstudies.oregonstate.edu/sites/default/files/community_vitality_lit_review_-_6-15-12.pdf
32. Kumar, A., Saha, S., & Bhatia, D. (2016). Measuring well-being: A survey of literature and initiatives. In S. Chaturvedi (Ed.), *Health, Nature, and Quality of Life: Towards BRICS Wellness Index* (pp. 95-117). New Delhi. Research and Information System. <https://www.ris.org.in/sites/default/files/Publication/Final%20BRICS%20Wellness%20Report%20%281%29.pdf#page=109>
33. Hodgson, J. (2020). Disrupting and democratizing development: community philanthropy as theory and practice, *Gender & Development*, 28(1), 99-116, DOI: 10.1080/13552074.2020.1717214
34. Hodgson, J., Knight, B. & Mathie, A. (2012). *The New Generation of Community Foundations*. https://globalfundcommunityfoundations.org/wp-content/uploads/2012/03/New-Generation-of-Community-Foundations_March12.pdf
35. Silver, I. (2014). Negotiating the Antipoverty Agenda: Foundations, Community Organizations, and Comprehensive Community Initiatives *Nonprofit and Voluntary Sector Quarterly*, 33(4), 606-627.
36. Benjamin, L.M. (2010). Mediating accountability: How nonprofit funding intermediaries use performance measurement and why it matters for governance *Public Performance & Management Review*, 33(4), 594-618.
37. Miller, A., Gollub, E., Kaufman, I. & Epelman, D.E. (2014). The Impact Grants Initiative: Community-Participatory Grantmaking Modeled on Venture Philanthropy, *The Foundation Review*, 6(3), 6-21.
38. Richards-Schuster, K. (2012). Empowering the voice of youth: The role of advisory councils in grant making focused on youth. In Roholt & Baizerman, M.L., *Evaluation advisory groups*. *New Directions for Evaluation*, 136, 87-100.

Acknowledgements

The creation of this brief would not have been possible without the assistance of Georgette Nyankson, Iain Cowie, Madalyn Pryke, and Cora Dupuis.

Contact Information:

Wayne Kelly, RDI Director, Brandon University. kellyw@brandonu.ca
Courtney Feldman, Manager of Capacity Building, The Winnipeg Foundation, cfeldman@wpgfdn.org

Rural Development Institute

Brandon University established the Rural Development Institute in 1989 as an academic research centre and a leading source of information on issues affecting rural communities in Western Canada and elsewhere.

RDI functions as a not-for-profit research and development organization designed to promote, facilitate, coordinate, initiate and conduct multi-disciplinary academic and applied research on rural issues. The Institute provides an interface between academic research efforts and the community by acting as a conduit of rural research information and by facilitating community involvement in rural development. RDI projects are characterized by cooperative and collaborative efforts of multi-stakeholders.

The Institute has diverse research affiliations, and multiple community and government linkages related to its rural development mandate. RDI disseminates information to a variety of constituents and stakeholders and makes research information and results widely available to the public either in printed form or by means of public lectures, seminars, workshops and conferences.

For more information, please visit www.brandonu.ca/rdi

Copyright © November 2023

