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A Reflection and Discussion of Philanthropy and its Relevance and Practice in Service and Society

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Philosophy of Service-Revised

I chose Providence College because of the Public and Community Service Studies major. My entire life I had been confident that I wanted to be in a field centered around helping others, however my narrow-minded views convinced me that my only options were the medical field, government, or education. Learning about the Public and Community Service program at Providence College seemed like a light at the end of the tunnel. I was confident that my time at Providence College would fulfil both my desire to serve others and learn from the best and brightest at a liberal art's Catholic college. I entered as an eager freshman, ready to change the world, and while I am no longer that same person, I believe that each experience I have had in the PSP major has shaped me into a more genuine, honest and realistic person, still motivated to make a difference but in ways that vary heavily from my initial vision.

As I reflect on my time before PC and what motivated me initially to serve others, I stand by the observation made in my original philosophy of service essay, that my mother was the person who inspired a desire to serve others within me at a young age. In my previous writing however, I reflected upon my mom's service to an external community, failing to recognize the tremendous amount of service she provides selflessly to my most immediate community, my family. I believe that this lack of recognition stems not from ignorance, rather it stems from a changing conception of both service and community. My shifting understanding of service away from grand gestures and my changing perception of community from an external group to a more internal cohort, has helped me to view my mother's actions and commitment to my family as an act of service. Given my health struggles the last few months, I have been especially conscious of her thoughtful service and selfless nature as my inspiration to help others, modeled closely after the way she has helped me.

One facet of the Public and Community Service major that has always been important to me is the understanding of community. My individual understanding of community has simultaneously expanded and decreased in size in a fluid manner throughout my time at Providence College. When I entered as a freshman, I was hopeful to develop an entire college community, and while that has not necessarily been the case, I've still found a community with like-minded students and professors within my courses. It's easy, and often tempting to be frustrated by the notion that I do not feel the sense of community with the college as a whole that I once believed I would have, however upon reflection, this fact only strengthens the bond I feel with my chosen community.

As a freshman I defined community as "formed by those who share the common desire to come together and strengthened by the presence of empathy." I believe that this simplistic definition worked at the time in which I wrote my original philosophy of service, however, I now recognize how naïve I was when I was originally posed with the question of defining community. I have since learned that unfortunately, communities are not just strengthened by a shared empathy, but also often by shared trauma. In a *Dying Colonialism,* Frantz Fanon shines light upon how community is often created through shared traumatic experiences and how in the case of Algerian's they were able to create a community by uniting through what made the French view them as inferior. "It is the white man who creates the Negro. But it is the Negro who creates negritude" (47). The story of the Algerians struggle through colonization provides a strategic case study demonstrating just how strong of a community can develop through shared traumatic experiences.

While my perception of community has shifted, I feel confident that my desire to serve communities important to me is still driven deeply by my faith. My faith has developed and changed throughout my time at PC as I struggle to reconcile many of my personal feelings with

the views of the Catholic Church, however I still consider myself a deeply faithful person. I still find The Gospel of Matthew, in particular, very moving as a call to service. When Jesus says, "Amen, I say to you. Whatever you did for one of the least of these brothers and sisters of mine, you did for me." I believe that this is Jesus calling each Christian to serve in whatever way they can, to all members of God's community. Although I do not consider myself as religious as I did when I started at my time at Providence College, I still believe that my desire to serve is rooted deeply in my faith.

Engaging in more service and preparing for a mission trip to the San Lucas Mission in Guatemala added additional layers to my understanding of my motivation to serve. While I truly believe that I felt called to serve as part of my duty as a Christian, I began to question if my desire to please God or actually dismantle the systems that oppress people was at the forefront motivating my service. The question plagued me as I felt as though one answer was better than the other. Some of my PSP courses began to make me feel as if the answer had to be secular, while my course on liberation theology made me feel quite differently. As I near the end of my time at Providence College, I believe that my motivation to serve is not as concrete as I once believed it was. Rather I feel called to serve others because of my faith and a desire to serve all of God's community, through measures which dismantle the systems that oppress people.

In addition to questioning my motivations to serve, my service trip to Guatemala prompted me to question the efficacy of service trips all together. I struggled most with how to discern the best way to enter a space where I was, in fact, "the other" and simultaneously claim that I knew what they needed and how they needed to be helped. In the theology course I took before we went on the trip, we read the text *Migrations of the Holy* by William Cavanaugh. This text was pivotal for me as it helped to tackle some of my most concerning thoughts. The text discussed the notion

of the tourist, the pilgrim and the monk. I feared that I would fall into the same pattern many do on service trips and act merely as a tourist, but Cavanaugh explained how to instead act like the pilgrim. "The pilgrim, on the other hand, sees all as potential brothers and sisters on a common journey to God" (Cavanaugh 83). Reading this text prompted me to center my trip around becoming a "pilgrim" and it allowed me to enter the mission not claiming to have come to "fix things" for those in need, but instead to view each person I interacted with as potential brothers and sisters with whom I shared my journey to pleasing God.

In addition to viewing all people with potential, as a pilgrim would, I have found continued importance in utilizing an asset-based approach when viewing any situation, I may face. This, in particular, has been a very important aspect of my growth, as utilizing an asset-based approach goes against nearly every educational experience I have ever had. The extreme lack of asset-based approach, in education specifically, is highlighted in Paulo Freire's *Pedagogy of the Oppressed*. "Education thus becomes an act of depositing in which the students are the depositories and the teacher is the depositor" (Freire 72). My entire education centered around educators "filling" me with knowledge, coming from teachers who, were the only ones with the assumed ability to add value to a classroom.

Reading Freire's text demonstrated just how detrimental the deficit based approach can be in education, highlighting how the system of education is simply another tool of oppression: "Education as the exercise of domination stimulates the credulity of students, with the ideological intent (often perceived by educators) of indoctrinating them to adapt to the world of oppression" (Freire 78). Adopting the radical idea of seeing assets of a community, individual or system before looking at the deficits is something, I continue to strive for as I conclude my time at Providence College. Given that I am about to leave the educational system which has tried to indoctrinate the

deficit based approach in me, I am cautiously optimistic that after I graduate I will be able to focus more on an asset based approach and employ that to all facets of my life, service included.

Freshman year of college, I believed that I could change the world. I was confident that with the right knowledge, and people around me I could solve even the most difficult problems. While I no longer feel that I am equipped to change the entire world, I still find tremendous value in my education from Providence College, and especially from the Public and Community Service department. In my initial philosophy of service paper, I quoted Mother Teresa saying, "Not all of us can do great things. But we can do small things with great love." While I would have never admitted it, naively I believed that I would be one of the people who would do great things. Now, I understand that I while I may not be someone who is able to do great things, I am someone who will stand by their community, be driven by their faith and desire to eliminate injustice, communicate with others as potential brothers and sisters, work to see assets rather than deficits, and always do small things with great love.

Literature Review

Philanthropy for Science: Is it a Viable Option?

The article *Philanthropy for Science: Is It a Viable Option?* By E. Magnus Ohman, Pamela S. Douglas, L. Blue Dean, and Geoffrey S. Ginsburg looks at philanthropy and its increasingly prominent role in the scientific realm. The article begins by making the claim that there are significantly more binding ethical standards when employing philanthropic practices in the sciences, however given the substantial decrease in medical research funding from government resources and international outsourcing, there is a greater need for philanthropic involvement in science than ever before. The article estimates that in, "2009 $4.8 billion was donated through philanthropic support to US Academic Medical Centers, healthcare systems, or community hospitals" (Ohman 1057). This influx of money was vital in research and opened doors for more philanthropic involvement in the medical world.

As the article continues, it provides the etymology of the word philanthropy, explaining how it stems originally from Greek mythology, and is translated as love for humankind. In a modern lens, the article recognizes that philanthropy has come to, "be interpreted as voluntary action for the public good that may enable improvement in the quality of human life on a broad scale" (Ohman 1057). Given that philanthropy is centered around improving human life, it is natural that philanthropic efforts have transected science and health care, as the fields are concerned with improving health.

Philanthropic relationships allow an institution or program and a donor to form a partnership centered around using the philanthropic investment to make a measurable, significant, and sustainable impact in the area of determined importance. The article says, "There are no negative implications for philanthropic relationships; they are partnerships in common good and

these partnerships strengthen an institution in its core mission (Ohman 1057). Recognizing the nature of philanthropic relationships in the sciences and medical world is an important step in determining the efficacy of the investments. The article argues heavily in favor of these investments, as crucial avenues of funding.

When one is engaged in simply writing checks and walking away, however, there is no engagement in catalytic philanthropy, something which the article highlights as an important element of philanthropic involvement in the sciences. "Many of these foundations are engaged in catalytic philanthropy as they support many seed projects, similar to venture capital funds, to eventually support one real breakthrough (Ohman 1057). Constant and widespread support of an important cause is central to catalytic philanthropy according to the understanding presented in this article. This philanthropic involvement can bridge the gap between traditional, basic research, and the development of groundbreaking science.

While some philanthropic involvement stems from large companies or venture capitalists, the article recognizes that in the medical field, approximately 20% of all philanthropic support stems from grateful patients who hope to engage in partnerships of discovery. "These patients are grateful for their care and understand the value of supporting an academic mission that is aligned with their vision and priorities" (Ohman 1058). In these circumstances, individuals may have more specific desires for the use of their philanthropic investments, and it is incredibly important that there is a separation between the patient and the clinical setting in which the funds are implemented.

In addition to the strict separation, according to the article, physicians must also act ethically when soliciting support from their patients. The article proposes two different ethical approaches that are often implemented by physicians. A consequential ethics, "approach to

philanthropy emphasizes actions that have consequences that can promote an individual's or institution's strength," whereas deontologic ethics, "emphasizes the intrinsic rightness rather than the consequences of organizational benefit with philanthropic support" (Ohman 1058). Many physicians are hesitant to solicit support to begin with, however, when it does occur it is paramount that the highest ethical standards are upheld.

The article claims that it is important for scientific researchers to look for and utilize nontraditional funding methods, including, but not limited to philanthropy. "Philanthropy is and can be a meaningful way to identify funding to support innovation, research, and gifted faculty members for any academic institution" (Ohman 1059). The article also recognizes, that employing philanthropy in the most effective way in medical or scientific research is difficult and can be stressful as it requires support and policies which consistently require the highest ethical standards. Philanthropy will continue to be important in science as it supports research and innovation in meaningful ways.

Corporate Philanthropy and Corporate Financial Performance: The Roles of Stakeholder Response and Political Access

The article, *Corporate Philanthropy and Corporate Financial Performance: The Roles of Stakeholder Response and Political Access*, by Heli Wang and Cuili Qian delves into the financial implication's philanthropic endeavors. Whether or not corporate philanthropy increases firm profitability, or decreases firm profitability, is a question that has been routinely asked and subsequently investigated. Supporters of corporate philanthropy argue that corporate philanthropy positively affects corporate financial performance because, "decisions regarding charitable contributions can be made strategically to raise a company's image and reputation, as well as to increase the value of its 'moral capital'" (Wang 1159). Additionally, philanthropy can have

marketing benefits as it may promote products or an enhanced brand image. Corporate philanthropy can also mitigate the risks of reputational losses and secure resources for stakeholders.

While some are greatly supportive of corporate philanthropy, others have argued that corporate philanthropy can have a negative impact on corporate financial performance because it is an expenditure that utilizes critical resources in areas unrelated to the operation of the company. Additionally, many firms do not have the expertise for investment in social causes, and corporate philanthropy becomes a means of boosting top managers own personal reputations or advancing their careers. Given a clear divide, the article sites previous studies that have demonstrated both the positive and potentially negative implications of corporate philanthropy on a company's overall financial performance.

The continued controversy has led to fragmented and exclusivity in the data and literature on the issues. To reconcile this and attempt to demonstrate the positive implications of corporate philanthropy, the article presents a few key understandings to their research. The first is the understanding that, "firms do not benefit equally from making charitable contributions and the relationship between corporate philanthropy and corporate financial performance is contingent on some critical social and political factors" (Wang 1160). Demonstrating the difference between charitable contributions and philanthropic relationships is key, so one does not mistake an act of charity for an expression of philanthropy.

The article's central argument is that, "corporate philanthropy helps firms gain sociopolitical legitimacy, which further enables them to elicit positive stakeholder responses and to gain political access" (Wang 1160). Two factors central to this understanding are stakeholder responses and political access as they tie directly into the articles key argument. Stakeholder

responsiveness stems from an increase in public approval which improves the public perception and, in some cases the legitimacy of the company. Political access is also generated by strategic corporate philanthropy as a company's action may generate political legitimacy or approval, which enables them access s to political resources, critical to a company's development.

A case study, demonstrating the benefits of corporate philanthropy, as understood from the article, is the utilization of corporate philanthropy in China. "Although the rapid development of the Chinese economy has resulted in positive changes in the public's perfections of the wealthy, Chinese people are still deeply influenced by traditional values and communist ideologies" (Wang 1162). This fact increases the value that shareholders and stakeholders alike see in philanthropic endeavor employed by a Chinese corporation. By engaging positively with shareholders and stakeholders a company creates a strong support that has positive implications on financial performance.

Additionally, in China, establishing a positive public image through philanthropic actions can have positive political implications. "Firms lacking strong political connections may have a role in creating goodwill with the national government, thus conferring legitimacy and access to political resources" (Wang 1162). Establishing "goodwill" through a shared respect and expectation of charitable acts, is a beneficial way for a company to establish connections with those in governmental roles, as well as gain access to political resources.

The article provides data from a Chinese study in which these observations were tested, and the results suggest a "positive relationship between corporate philanthropy and financial performance as measured by ROA" (Wang 1173). The significance of this observation is that it helps to build on historical literature on corporate philanthropy and demonstrates that corporate philanthropy helps firms to gain sociopolitical legitimacy. According to the study, corporate

philanthropy enhances corporate financial performance by eliciting better stakeholder responses and helping the company to gain political resources.

Does Philanthropy Reduce Inequality?

The article *Does Philanthropy Reduce Inequality?*, by Indraneel Dasgupta and Ravi Kanbur develops a mathematical proof to investigate the question held within the title. Dasgupta and Kanbur attempt to demonstrate that rather than reducing inequality, philanthropy may aggravate absolute inequality and leave a negligible change in relative inequality. Additionally, they seek to demonstrate how philanthropic efforts many increase the overall effectiveness of policies that redistribute income. The article attempts to demonstrate that, "philanthropy and direct redistribution may often be better viewed as complements, rather than substitutes, in the context of inequality reduction" (Dasgupta 1). Their observations hope to call into question the case for large tax deductions associated with charitable and philanthropic contributions.

One problem that the article highlights with philanthropy is that wealthy people tend to contribute large amounts of money towards public goods. While these public goods may be beneficial for those with low incomes, the contribution does nothing to actually impact the income levels. Given that most people have access to public goods with limited cost, the rich donors are able to claim large tax deductions based on their contribution without doing anything to change the state of inequality faced by those with lower incomes. Additionally, "these tax deductions, reduce the resources available for direct redistribution" (Dasgupta 2). The philanthropic contributions to public goods limit the resources that can be filtered back into the community in potentially more meaningful ways.

Philanthropy further magnifies the welfare and income gap between the poor and the wealthy in a way that has negative implications on society. "According to absolute measures of

inequality, the community may in fact be made more unequal, rather than less, by philanthropy" (Dasgupta 3). Regardless of the amount give, according to the article, any amount given to a public good by philanthropists benefit the rich more than they benefit the poor as it demonstrates a divide in incomes even more.

The article recognizes the importance and effectiveness of lump-sum redistribution as a means of reducing absolute inequality in real incomes. A redistribution of public goods to communities with lower incomes is beneficial as the presence of a public good makes a dollar of private income more valuable for poorer individuals. While a public good does benefit the poor, the rich benefit from it more, so it is important to strike a balance between philanthropic endeavors and redistribution. The "results therefore suggest that philanthropy and direct redistribution may often be better viewed as complements, rather than substitutes, in the context of inequality reduction" (Dasgupta 3). A combined effort of these two, is suspected to be more beneficial in limiting inequality,

While there is benefit of philanthropic efforts that increase the value of public goods, it is important that the significance of redistribution is taken into account. Upon completion of the research Dasgupta and Kanbur came to understand that tax exemptions that are tied to philanthropic endeavors are having negative implications on reducing inequality. "The income effect of such exemptions reduces the resources available for direct redistribution, while also (possibly) exacerbating welfare inequality" (Dasgupta 19). According to the article, there may be positive intentions behind philanthropic contributions, they are not having positive impacts on significantly reducing inequality.

Plutocrats at Work: How Big Philanthropy Undermines Democracy

The article, *Plutocrats at Work: How Big Philanthropy Undermines Democracy*, by Joanne Barkan, gives a comprehensive history of the rise of large philanthropic groups as well as, what philanthropic organizations look like today, and how action needs to be taken to control their enormous reach. The article begins by looking at The Russell Sage Foundation, the Carnegie Corporation and the Rockefeller foundation, organizations which were all born in the early twentieth century. At the time these organizations were unlike charities before them, "they had vastly larger assets; they were structured legally and financially to last forever; each was governed by a self-perpetuating board of private trustees; they were affiliated with no religious domination; and they had grand, open-ended missions along the lines of 'improve the human tradition'" (Barkan 635). Given their vast differences from current charities, these "mega-foundations" provoked hostility from critics from the beginning. People believed that these corporations were ploys to preserve or clean up the reputations of the wealthy.

Barkan then fast forwards, 100 years in the future, where big philanthropy still aims to fix all of the major problems of the world. The issue with this has become, that while those in the organization may act with good intentions, they have developed to a size where they are the ones who determine what "good" means. Barkan says, "the arrangement remains thoroughly plutocratic: it is the exercise of the wealth-derived power in the public sphere with minimal democratic controls and civic obligations" (Barkan 636). The enormous size of these foundations provides them with the power to shape public policy, exercising governmental control, but they have no accountability to the public and the people impacted by their programs. Their size allows them to, in many ways, do whatever they see as best, without consequence.

By March 2013 there were 66 private grant-making foundations with assets over $1 billion. The mega foundations have grown to the point where they have the ability to exist in realms outside the political, economic, and social context in which they operate. They drive to privatize public provisions and are given even more power with the concentration of wealth in the top 1 percent, and its subsequent celebration. These factors make the already unbalanced relationship between grantor and grantee, even more unbalanced. The power imbalance is so strong that the foundations executives and trustees are not provided with the critical feedback needed to actually improve the foundations. Barkan goes on to say, "by exercising top-down control over implementation, today's mega-foundations increasingly stifle the creativity, initiative, and independence of nonprofit groups" (Barkan 639).

According to the article, one area that big philanthropy is particularly involved is public education. On the surface, this may seem like a good thing, but in reality, the power the large foundations hold entitles them to make decisions where they may not be experts, furthering problems in education. It is estimated that each year big philanthropy channels approximately $1 billion to business-model education reform. Mega-foundations leverage their grants by giving money specifically to grantees who agree to adopt their specific programs and policies. Recently the content and quality of theses "reforms" pushed by large foundations have been called into question as teachers, principals, and schools are continuously evaluated.

Given the recent questioning, mega-foundations are beginning to adapt. "The combination of aggressive style, controversial and politicized programs, and great amounts of money has led some mega-foundations to adopt a new technique: astroturfing" (Barkan 641). This policy appears to be autonomous and community-rooted, when in reality it is not. Its appearance as a grassroots

effort, is still founded upon the same principles that have negatively impacted many of the public education systems that have turned to big philanthropy for guidance, funding and help.

Barkan believes that big philanthropy is in desperate need of and long overdue for serious reform. Reducing its leverage in civil society and public policy making are two key tenants that need to be included in this reform. Additionally, tax deduction laws need to be revised to prevent foundations simply being created for the purpose of tax sheltering. This reform will not be easy or without fight given that "when asked to forgo some influence or contribute more in taxes, the altruistic impulse stalls; the foundation sector acts like every other powerful interest group" (Barkan 650). However, just because it will likely be challenging, the article urges that it still must be done.

The Keys to Rethinking Corporate Philanthropy

The article, *The Keys to Rethinking Corporate Philanthropy*, by Heike Bruch and Frank Walter provides a brief overview of the growth of corporate philanthropy, as well as the different forms that it can take on. Academics and corporations have been emphasizing the strategic relevance of corporate philanthropy and argue that companies "can and should strategically use their charitable activities to create win-win opportunities for themselves and beneficiaries of their philanthropy" (Bruch 49). The increase of and overall push for corporate philanthropy rests on the widely accepted strategic relevance of corporate philanthropy, however, the article does recognize that the effectiveness of these programs varies substantially. Philanthropic activities that create value for the beneficiaries and enhance the company's business performance are among the ones that are sustainable in the long run.

According to the article, there are two prominent perspectives that companies rely on when entering into corporate philanthropy: market orientation and competence orientation. Executives

employing market orientation put an emphasis on the expectations of the stakeholders and look to enhance the company's position by designing the corporate philanthropy according to external pressures. Executives employing competence orientation, on the other hand, focus on internal issues and "align the corporate philanthropic initiatives with their companies' abilities and core competencies" (Bruch 50). A danger with this approach is that it regularly neglects the desires and interests of the stakeholders.

Within market orientation and competence orientation there are four types of corporate philanthropy, each with their own benefits and challenges. The first of which is peripheral philanthropy. Peripheral philanthropy occurs in companies that, "have charitable initiatives that are mainly driven by external demands and stakeholder expectations" (Bruch 51). Some of the challenges associated with this type of corporate philanthropy is that they do not tap into the company's core competencies and they may appear to lack credibility. However, companies can often reap benefits from this type of philanthropy and improve their public image and keep shareholders' interests at the forefront.

Constricted philanthropy is another type of corporate philanthropy in which, "executives at these companies hope to use synergies between their main activities and their charitable activities" (Bruch 52). This uses existing experience, resource, and facilities that may have positive impacts on the overall effects of the corporate philanthropy. However, fails to recognize stakeholder needs and expectations, which can have negative impacts.

Dispersed philanthropy has no clear-cut direction and rather than one central idea, the company focuses on a "multitude of small projects without a guiding theme" (Bruch 52). This type of philanthropy is neither favorable for the company or the beneficiaries. The ambiguity typically creates more problems than solutions.

Strategic philanthropy, however, is the best route for a company to take when employing a corporate philanthropy strategy. It integrates both an internal and external perspective and applies management principles to philanthropic endeavors as it would any other business decision. It also takes into account the needs and expectations of the stakeholders, combining everything into a comprehensive strategy.

Virtuous Giving: Philanthropy, Voluntary Service, and Caring

The book, Virtuous Giving: Philanthropy, Voluntary Service, and Caring, by Mike w. Martin seeks to unpack the ways in which philanthropy contributes to morally favorable relationships and the moral implications and rationale behind philanthropy as a broad concept. The first chapter of the text, Giving with Care, focuses specifically on breaking down the motivations behind philanthropy as well as developing a clearer and more concrete understanding of what philanthropy is. Martin defines philanthropy as, "voluntary private (nongovernment) giving for public purposes, whether gifts are large or small, money or time, local or international in scope, for purposes which are humanitarian, cultural, religious, civic, environmental, or of mutual aid" (Giving 1). This broad understanding of philanthropy is central to building one of the main points of the text.

In addition to recognizing the broad nature of philanthropy, the text also acknowledges the wide variety of implications of philanthropy. "At its best, philanthropy unites individuals in caring relationships that enrich giver and receiver alike…at its worst, it is divisive and demeaning to everyone involved" (Giving 1). Martin claims that philanthropy can have this wide scope of impacts because of its morally ambiguous nature. Individuals can be motivated by good intentions and receive poor results or motivated by bad intentions and acquire good results. The complexity in philanthropy can hurt the communities and individuals involved, while simultaneously helping

others. Recognizing the complexity of the moral understanding is important as one begins to develop a better understanding of philanthropy.

The moral ambiguity of philanthropy can be broken down into four main categories of philosophy in hopes to get a more cohesive understanding. Social and political philosophy is relevant as it is concerned with the overall implications of philanthropy on society. Additionally, they are concerned with the role of government in regulating and supporting philanthropic endeavors. Professional ethics is also concerned with philanthropy as it studies the responsibilities of development officers, foundational officials and other staff members involved with philanthropic organizations. "The ethics of recipients deals with the responsibilities of beneficiaries, such as honesty in writing grant proposals, fidelity to donors' intentions, and avoiding harmful forms of dependency" (Giving 2). The last segment of philosophy concerned with philanthropy is the ethics of philanthropic giving. This focuses specifically on virtues, ideals and responsibilities of philanthropists. Understanding the moral implications of philanthropy is aided through the understanding of the ethics and philosophy behind it.

The chapter emphasizes the importance of virtue-ethics as a theory that significantly helps in ones understanding of and implementation of philanthropy. Martin attempts to add to a traditional understanding of virtue-ethics by first breaking down a traditional definition. Historically, "Virtue-ethics emphasizes good and bad character more than principles of right and wrong" (Giving 4). Martin believes that instead of choosing between good character and right conduct, one should view the two as complementary ideas when discerning their actions, especially in philanthropy. Acting through virtuous philanthropy allows one to foster caring relationships and gives room for philanthropy to become increasingly important and central to the lives and well beings of both parties involved.

The text makes it clear that philanthropy is not a suitable option to replace governmental intervention, while it is often something that can be successfully leveraged in partnership with government. The article claims that there are four key reasons that the government, not philanthropists, should be in charge of caring for their disenfranchised and underserved citizens. The first reason is scale. Given the increase in need, stemming from situations such as homelessness, poverty and violence, it is important for government to involve themselves to serve the masses, in ways that philanthropy would likely not be able to. The second reason to continue to seek governmental intervention in addition to philanthropy is security. Human capacities are limited and in an increasingly uncertain world, sustainable welfare programs run by the government add security back in. The third reason is fairness. In theory government should be able to fairy distribute "burdens on taxpayers and benefits for recipients" (Giving 7). While not always the case, governmental intervention tends to be more fairly executed than individual philanthropy. The final reason is the symbolic nature of the government. The government plays an important symbolic role as an entity that collectively cares for an entire society. Individual philanthropic foundations do not have this clout or level of overarching respect.

Another key insight provided in the chapter is the distinction between giving and philanthropy. "Giving means donating one's resources without contracting to achieve comparable economic compensation" (Giving 10). This distinction is important because philanthropists often do seek economic benefits. In addition to increase in social perception, there are typically prescribed benefits associated with philanthropy. The largest, and biggest draw often comes through tax deductions which allow companies to receive tax breaks for their philanthropic contributions to those in need. Distinguishing between giving and philanthropy is important for a more understanding of the topic.

Venture Philanthropy: Its Evolution and Its Future

The article, Venture Philanthropy: Its Evolution and Its Future, by Allen Grossman, Sarah Appleby, and Caitlin Reimers highlights the expansion of venture philanthropy and the important place it will continue to hold in overall philanthropy. Venture philanthropy was first introduced in April of 1997 with the publication of the article, Virtuous Capital: What Foundations Can Learn from Venture Capitalists. The premise of the article was that foundations could take some of the useful practices of venture capitalists and apply them to philanthropic endeavors. Specifically applying tactics such as due diligence, risk management, performance measurement, relationship management, investment duration and size, and exit strategy. As venture philanthropy has transitioned from theory to practice, there has been significant utilization and success of the strategy.

Venture philanthropy aims to serve more people, more effectively by encouraging philanthropists to make fewer, larger, longer grants, backed by "a core belief in the power of strong organizations to produce change" (Grossman 2). The underlying principle of venture philanthropy comes from the understanding that an effective organization can utilize contributions in a way that doesn't just impact current customers, but also helps to elevate the overall growth curve of the organization. The article breaks venture philanthropy into eight core elements, grouped into three categories: funding terms, selection process, and investment period.

Funding terms incorporates three key tenants of venture philanthropy. The first is "grants supporting and core operations", meaning these grants are provided in an unrestricted way to build the capacity of the organization to improve their overall effectiveness and ability to grow. The second is "long term commitment and grant size" which refers to grants with timelines ranging from three to five years, instead of the traditional one, and the overall size of the grant being, on

average larger, than a typical grant given by a philanthropist. The third tenant of funding terms of venture philanthropy is "continued funding tied to measurable results." This piece in particular is important as venture philanthropists place a large emphasis on the measurability of results and the expectation of holding an organization accountable throughout the course of the grant (Grossman 3).

The selection process category includes two key elements: due diligence on potential grantees and scale of impact as a criterion for investment. Due diligence is the process that, "often includes the review or creation of a business plan, careful assessment of management capacity, and an understanding of organizational results and measurement capabilities" (Grossman 3). This allows an in-depth assessment of the added value by the potential grant. Scale of impact is important for some venture philanthropists as assessing the magnitude of an organization's potential impact allows them to determine their own scale of impact and the general size of the problem being addressed.

The last category of core element categories of venture philanthropy is the investment period. The investment period is comprised of three elements. The first element is the "funding and approach" which may include the holding of a board seat, providing capacity building support, and a close program officer. This level of support is adapted to ensure an adequate handling of the changing management needs of the organization throughout the grant period. The second element is "management support" which usually includes management training programs, assistance with hiring new personnel and assisting with building a leadership team that can effectively execute a strategic plan. The third element is "strategic exists from a sustainable investment" and this is important as it provides a clear exist after the granting period but ensures that the organization is not left in a state of struggle (Grossman 3).

The article makes it clear that venture philanthropy is different from venture capital as it is employed at different stages of an organization's development and will serve different purposes depending upon the time it is employed. There are four common stages in which venture philanthropy many occur within organizational development. These four stages are, angel, early stage, growth/mezzanine, and long-term and large-scale impact. Successful venture philanthropy looks different in each stage, but is significant to organizational development, nonetheless. Success in the angel stage would be development of leader entrepreneurs and early stage managers. Success in the early stage would be replication of work, and continued development of leaders. Success in the growth/mezzanine stage would be measured as continual growth that delivers impact at sale. Finally, success in the long-term and large-scale impact stage would be viewed as achieving significant scale and long-term funding (Grossman 7). This timeline of venture philanthropy involvement and success measures is what makes it significantly different from traditional venture capital.

Given venture philanthropies growth and success, the article emphasized the importance of contextualizing this type of philanthropy within the understandings of different types of philanthropy utilized today. The article defined traditional philanthropy, catalytic philanthropy and organization building. Traditional philanthropy is, "giving is driven by the desire to address the pressing needs in society; emphasis is on alleviating immediate suffering and filling in gaps, not on the potential for systemic change or the long-term delivery capabilities of the enterprises" and catalytic philanthropy is, "aligned with a shared theory of change developed between a funder and its partners" (Grossman 4). According to the article, venture philanthropy best fits into organizational building, which is, "an investment in the grantee's own leadership, theory of change and capacity to deliver on their mission; measurement focuses on the capabilities of the enterprise

and the scalability of its impact" (Grossman 4). Venture philanthropy if employed successfully can also incorporate catalytic philanthropy.

Local Food Projects-the New Philanthropy?

The article, Local Food Projects-the New Philanthropy, by Elizabeth Dowler looks at how local based food projects in the United Kingdom are becoming more prevalent but are not an adequate fix of the food scarcity and inequality that is occurring in many communities. The article investigates the efficacy of food projects, their intentions, their scope and their implications on society. At the end of the article, Dowler comes to the conclusion that food projects are becoming the 'new philanthropy,' an ineffective way to fix a critical problem.

A recent rise of local food projects in the United Kingdom has led to some questioning in the actual impact of these programs. Dowler argues that, "local food projects meet some short term and long-term needs, including the development of skills and confidence to buy and prepare food, improvement of physical and to a lesser extent, economic access to quality food and better health outcomes" (Dowler 2). She recognizes that have had a positive impact on the food economy on poor households, however they cannot address the long-term changes that need to occur within economic structures that limit or restrict food access. Rather than systemically addressing the roots of the problems that lead to food inequality, local food projects are used as a quick fix that limit the cultivation of long-term vision and skill development.

For context, Dowler explains local food projects and through her explanation process, comes to the conclusion that local food projects are difficult to define on a consistent basis because they look different depending upon where they are taking place. Dowler says, "The term is used by a range of professionals and sectors to indicate initiatives which have in common: food (its production, preparation or consumption), local involvement (management, delivery, paid/unpaid

workers) and state support (funding, space, professional input, transport, equipment)" (Dowler 4). While a broad categorization allows for a general understanding, it is hard to define specifically because they each have different missions and problems which they want to address. Some projects attempt to address structural issues while others focus on skill development and simply providing food.

Both the complicated nature of defining these 'local food projects' and their general ineffectiveness is what leads Dowler to the conclusion that these programs are becoming the 'new philanthropy.' Dowler does not mean strategic or catalytic philanthropy, rather she reflects upon the early stages of philanthropy where companies donated initially out of a sense of moral obligation to care for those less fortunate. She recognizes that philanthropy quickly transitioned into a way for companies to bolster their own image and eventually the government intervened to be more effective in combating social issues in the UK. Now, the government in the UK is not doing what is needed to combat food insecurity so these food projects organized by individuals are following the same flawed model of original philanthropy.

Strategic Philanthropy for a Complex World

The article, Strategic Philanthropy for a Complex World, by John Kania, Mark Kramer, and Patty Russel discusses the disappointments that currently surround strategic philanthropy and how a shift from strategic planning to emergent planning needs to occur to truly apply strategic philanthropy to real world scenarios. The article recognizes that strategic philanthropy is important in theory, but difficult to implement in many instances as its structure is quite rigid. "As practiced today, strategic philanthropy assumes that outcomes arise from a linear chain of causation that can be predicted, attributed, and repeated, even though we know that social change is often unpredictable, multifaceted, and idiosyncratic (Kania 26). Given the lack of flexibility of strategic

philanthropy, the article seeks to provide an addendum to current understandings of strategic philanthropy so it can be utilized in a better way.

While generally critical of the application of strategic philanthropy, the article does recognize that there are certain types of problems where it is a good fit for problem solving. Philanthropy is best applied to solving problems that are classified as simple or complicated, but not those that would be considered complex. A simple problem can still be ambitious, but it gains its classification of simple by having a well-understood formula which can be employed to help solve them problem. A complicated problem may take many tries to solve, but each attempt generates more knowledge and allows for an increase of knowledge that helps to solve the problem. Strategic philanthropy can be applied to simple and complicated problems because of a logical sequence in which the problems can be addressed, but complex problems lack the ability to easily establish the needed logical sequence. Complex problems are "the result of the interplay between multiple independent factors that influence each other in ever-changing ways," which makes them significantly harder to solve (Kania 26).

Instead of ignoring strategic philanthropy all together when taxed with addressing a complex problem, one must focus on developing an emergent strategy and logic map rather than developing a strategic strategy and linear logic model. "Emergent strategy accepts that a realized strategy emerges over time as the initial intentions collide with, and accommodate to, a changing reality" (Kania 29). This understanding is important for complex situation because it combines a needed flexibility and an important rigor. Emergent strategy still requires a clear strategic intent guide the efforts, but it recognizes that specific outcomes cannot be predicted outright. Rather, there must be a flexible and textured framework that mimics a map as opposed to a one-

dimensional, linear logic model that is often applied to strategic philanthropy. Emergent strategy must be co-created and evolve naturally as the problem is tackled.

Two concepts central to a successful implementation of emergent strategy are "system fitness" and relationship building. System fitness refers to "the ability of a system to adapt and ultimately reach its goals" (Kania 31). Rather than focusing on how to solve the problem itself, emergent strategy emphasizes strengthening the systems in place that can aid in the solving of the problem. Strengthening a systems "fitness" and building essential relationships are closely tied together. Actions that address both of these tenants include developing shared visions of success, establishing positive relationships between organizations and within individual organizations, working on effective practices to spread consistent and clear communication, and establishing the resiliency of individuals within the system and their ability to adapt to changing conditions.

Rethinking strategic philanthropy is an effort that has required significant work and will continue to require a culmination of efforts, given the nature of the problem is complex. Strategic philanthropy borrowed from physics in its conception as it looked to define clear cause and effects. Now however, strategic philanthropy must borrow from biology to understand the interdependency of systems and how evolution is critical in adaptation. While this change brings forward new challenges, it also provides significant room for benefits. "As strategic philanthropy shifts from predictive to emergent strategy, we see tremendous potential for staff and boards to see more clearly their relevance and connectedness to the people they wish to serve" (Kania 33). Establishing emergent strategies provides an opportunity to solve complex problems within an increasingly complex environment.

Catalytic Philanthropy

The article, *Catalytic Philanthropy*, by Mark Kramer proposes the idea of catalytic philanthropy as a new strategy in which philanthropists step away from traditional hands-off roles, and instead invest and involve themselves in solving systemic problems with the organizations that they support. The traditional model of philanthropy simply involves donors in so far that they discern what causes to support and how much money to give. While the intentions may be good, this leaves nonprofits in a challenging position because most nonprofits lack the resources to solve societies large scale problems. "The overwhelming majority of the 1.3 million U.S. nonprofits are extremely small: 90 percent of their annual budgets are under $500,000 and only 1 percent have budgets greater than $10 million" (Kramer 32). Given that most nonprofits run off of limited resources, there is a clear and present need for philanthropists to involve themselves in a new way, to help nonprofits make systemic changes.

According to the article, the best, most effective way for philanthropists to involve themselves within an organization is through catalytic philanthropy. Catalytic philanthropy is a hands-on approach that employs both the resources and the skills of the individual philanthropist with the resources and skills that already exist within the organization. Kramer believes that there are four key tenants to what make catalytic philanthropists so effective:

> They have the ambition to change the world and the courage to accept responsibility for achieving the results they seek; they engage others in a compelling campaign, empowering stakeholders and creating the conditions for collaboration and innovation; they use all of the tools that are available to create change, including unconventional ones from outside the nonprofit sector; and they create actionable knowledge to improve their own effectiveness and to influence the behavior of others. (Kramer 32)

Each of these practices are important on their own, but the combination of the four, make catalytic philanthropy an effective and useful way to help solve systemic problems.

When donors take a sense of responsibility for achieving results, there is a shared ownership of solution and increased desire to solve the problem to begin with. The research suggests that if a donor wants to solve a problem themselves, they have increased motivation to aid in the implementation of specific practices or programs that may help provide a solution. Additionally, donors are in a unique position to leverage their personal networks and connections to help nonprofits achieve better results. When donors are not confined to simply writing checks, they are able to employ powerful means of social change.

Another key element to catalytic philanthropy is mobilizing a campaign for a change. Uncoordinated actions and lack of cohesion within the nonprofit sector make large scale change. "Catalytic philanthropy cuts through these divisions by stimulating cross-sector collaborations and mobilizing stakeholders to create shared solutions" (Kramer 34). When philanthropists engage in catalytic philanthropy, they build alliances and create conditions in which a solution is more likely to engage. Through mobilization of other stakeholders and coordination of efforts, there is an increased likelihood in finding a solution.

The third key element to catalytic philanthropy is using all of the available tools. Catalytic philanthropists may have access to corporate resources, investment capital, advocacy and litigation services or lobbyists. All of these things, individually, can be beneficial to an organization, but when combined and used strategically can make significant differences in the outcomes of problems. "Donors have the freedom, however, to complement traditional grantmaking with a wide array of other tools from outside the nonprofit sector, including many that can influence social, economic, and political forces in ways that traditional charitable giving cannot" (Kramer 34). Using the variety of tools at their disposal can provide resources, outside of monetary means that can make substantial impacts on campaigns and efforts organized by nonprofits.

The fourth tenant of catalytic philanthropy is to create actionable knowledge. This means that instead of relying on recipient organizations to provide donors with information about particular issues, the donors themselves, "gather knowledge about the problem they are tackling and use this knowledge to inform their own actions and motivate the actions of others" (Kramer 35). This knowledge becomes actionable when it goes beyond gathering and reporting data. Additionally, donors should seek to use data that can carry an emotional appeal to capture individual's attention. Data of this sort encourages continued support and can even be used to have impacts on governmental spending priorities.

Adopting catalytic philanthropy is important to make greater social changes and develop longer lasting impacts and relationships between donors and organizations. While catalytic philanthropy is not best suited for all donors, those individuals who do partake in it, have the potential to elicit real, impactful changes that can improve systems, society, individuals and organizations alike.

A Reflection of Philanthropy and It's Place in Contemporary Society

Philanthropy has become something of great interest to me throughout my time at Providence College, studying within the Public and Community Service Department. In many ways, philanthropy seemed to provide a systematic, almost mathematical, approach to addressing inequality. I first became interested in philanthropy during my junior year course of studies when I started to feel jaded and run down from the constant discussion of inequality and the seemingly never-ending disparity that existed within communities with whom I engaged. Upon further reflection this semester, it has become clear to me that my interest in philanthropy actually stems back much further than my junior year at Providence College.

Growing up I was incredibly blessed. I lived in a safe home, with loving and supportive parents who were willing to do anything they could to help me. While I always knew I grew up very privileged, I had no idea the extent of that privilege until I read the article, *Where Books Are All But Nonexistent* by Alia Wong. The article highlights inequality and wealth disparity, as well as the significant impacts it has on children's literacy and accessibility to books. This article ignited my passion for working to shrink the "word gap" mentioned by the author. I was convinced that my drive to serve centered around literacy, and while I still believe that children's literacy is of the utmost importance, upon further reflection, I believe that this article actually ignited a desire to address the systemic inequalities that exist within communities.

During my freshman year at Providence College I took a philosophy course, and after some recent reflection, it has become clear to me that even then, I was looking for ways, not only, to assist in improving literacy in low income areas, but I was looking for more meaningful ways to give, and actually address the larger systematic problems. In this course we read the children's book, *The Giving Tree* by Shel Silverstein. I had always loved this book growing up, as my mother

had read it to me and reading it in class, initially filled me with positive memories. However, as I read through the text more carefully, I became increasingly troubled by the plotline.

The article, *The Giving Tree, Women and the Great Society* by Milena Radeva, helped me to understand why the plotline in this beloved childhood book, now stirred up so much unrest within my mind. Rather than demonstrating a simple relationship between a boy and a tree, the relationship is actually much more complicated, symbolic of a different relationship altogether. I struggled to comprehend that this book was written to demonstrate societies damaging assumptions surrounding motherhood, and while different scholars have different opinions about the relationship between the tree and the boy, I clung to the understanding that the book acts as a fable written to justify the place of social welfare programs within a community. In her article, Radeva states, "As a fable about welfare of the nation under expanding social security legislation, *The Giving Tree* suggests that gifts do not hamper the spirit of self-reliance and free enterprise. To the contrary, they appear to foster it" (Radeva 279). Reflection upon these readings in my early time at Providence College allowed me to conclude, that all along I was looking for ways to address the underlying inequalities within our society.

I searched for a solution, looking for anything that would address inequality without taking away individuals' agency, just as the tree had done for the boy in my beloved book. In the Fall semester of my junior year, I found the answer I was looking for: Philanthropy. Enrolling in a course which centered around Philanthropy taught me how, through an understanding of the problems, philanthropic foundations or companies seeking to engage in philanthropy as means of corporate social responsibility, are able to support programs developed by those who work on the ground level and engage in relationships to make positive, sustainable change. This course was a

culmination of all of the courses I had taken, all of the research I had done and all of the hours I had spent reflecting.

I now understand that just as any type of service can have its benefits and its pitfalls, philanthropy needs to be done tactfully with specific tenets at the forefront of its efforts to ensure that it is not harming a vulnerable population. My research provided me with a meaningful lens to view all of my previously questioning and prompted me to develop a complete and comprehensive understanding of philanthropy. While I want to believe that this research will be most valuable to those in charge of philanthropic foundations or working with companies looking to engage in philanthropic acts, I believe that this research has truly been most valuable to me. I was able to reflect upon my entire experience at Providence College and see how many of my courses worked together to overlap and provide me with an unmatched opportunity to engage in critical thinking.

In this paper, I seek to first answer the question, "What is philanthropy?" First, I will address the different definitions philanthropy has held throughout the course of its implementation and involvement in society. I will discuss the original Greek meaning of the word, and its transition into a modern context. I will then, provide two contemporary definitions of philanthropy. Based on this comprehensive understanding I will then define four different branches of philanthropy: traditional philanthropy, organization building philanthropy, venture philanthropy and catalytic philanthropy. Additionally, this analysis will include a concrete distinction between philanthropy and charity or giving as it exists in contemporary society.

Upon conclusion of their mere definitions I will seek to break down each of the four aforementioned types of philanthropy further. This analysis will discern the benefits of traditional philanthropy, organization building philanthropy, venture philanthropy and catalytic philanthropy. I will also look at any possible negative implications that philanthropies of these kinds may

employ. After a discussion of the theoretical implications of philanthropy, I will address how philanthropy is employed in contemporary society. I will discuss philanthropies involvement in the sciences and the medical world, as well as philanthropies continued involvement in foundations and its place in the non-profit sector. I will also look into philanthropies involvement in a corporate setting and provide a rationale as to why corporate philanthropy is beneficial to a company's shareholders and their stakeholders.

Finally, I will address the question, "What model of philanthropy has the most positive impacts on a community and is least disruptive to the vulnerable populations which it intends to serve?" Through a thorough reflection of each type of philanthropy: traditional philanthropy, organization building philanthropy, venture philanthropy and catalytic philanthropy, I will discern which elements of each type are most important. Ultimately, I will provide an archetype of philanthropy that combines elements of strategic philanthropy, emergent strategies, and catalytic philanthropy as a guide for companies or foundations looking to engage in philanthropic endeavors.

The article *Philanthropy for Science: Is It a Viable Option?* by E. Magnus Ohman, Pamela S. Douglas, L. Blue Dean, and Geoffrey S. Ginsburg, offers an etymological understanding of philanthropy. "The word philanthropy is derived from Greek mythology and can be translated as for love of humankind" (Ohman 1057). This initial definition of philanthropy is significant as it demonstrates philanthropies historical roots. Additionally, it provides a base level understanding that philanthropy is an outward directed act where one displays love towards others. This definition implies that philanthropy was not only something present throughout history, but also speaks to a larger responsibility of philanthropists to use their actions as a means of conveying love for all humankind.

Philanthropy, similar to all concepts, has evolved and developed over time. Today, imaging a world where philanthropy was simply an act of showing love towards humankind, seems naïve and unrealistic. The aforementioned article also provided a modern definition of philanthropy claiming that it is the, "voluntary action for the public good that may enable improvement in the quality of human life on a broad scale" (Ohman 1057). This definition builds upon the original Greek definition significantly but holds true to including humankind as the "who" in question. This definition adds that the act of philanthropy is voluntary and includes the notion of acting for the public good, which seems to further implicate caring for humankind. The definition also suggests that philanthropic efforts should seek to improve the quality of life.

The book, *Virtuous Giving: Philanthropy, Voluntary Service, and Caring*, by Mike w. Martin seeks to unpack the ways in which philanthropy contributes to morally favorable relationships and the moral implications and rationale behind philanthropy, as a broad concept. The first chapter of the text provides another definition of philanthropy. Martin defines philanthropy as, "voluntary private (nongovernment) giving for public purposes, whether gifts are large or small, money or time, local or international in scope, for purposes which are humanitarian, cultural, religious, civic, environmental, or of mutual aid" (Giving 1). This broad understanding of philanthropy also acknowledges the importance of an outwardly focused act, with an emphasis on public goods. This definition adds in specific examples of what philanthropy may look like to provide a broad framework that can be adapted to fit specific instances.

Each of the previously discussed definitions of philanthropy seek to provide a broad context in which one may be able to understand the topic. In application, philanthropy is rarely as broad as the aforementioned definitions make it seem. Rather than love filled actions for the betterment of humankind, modern philanthropy often presents itself in one of four specific ways.

Traditional philanthropy, organization building philanthropy, venture philanthropy, and catalytic philanthropy are classifications in which most philanthropic endeavors fit. Each of these specific types of philanthropy does, typically, attempt to hold a concrete definition of philanthropy at its core, however whether or not it achieves this goal is another question that will be addressed in a later section of the research.

Traditional philanthropy is a specific type of philanthropy in which "giving is driven by the desire to address the pressing needs in society" (Giving 10). In this type of philanthropy, there is an emphasis on alleviating immediate suffering and a desire to fill in small gaps instead of looking for long term changes. Traditional philanthropy is utilized, typically in the form of grants for specific programs and projects most often but can be used for general support as well. Traditional philanthropy does not focus on systematic change or long-term capabilities, rather they seek to fulfil only immediate needs.

Organization building philanthropy is different than traditional philanthropy insofar as it is "an investment in the grantee's own leadership" (Giving 10). Organization building philanthropy focuses on a specific theory of change and the capacity of individuals within the organization to deliver on their mission. This type of philanthropy is human centered and seeks to improve the organization from within, before addressing their impacts on the external community. Measurement of organization building philanthropy focuses on the scalability of the impacts an organization can have and the overall capabilities of the enterprise. This individual centered philanthropy may stray the furthest from the traditional Greek understanding, as it has an inward, as opposed to an outward, focus.

The article, *Venture Philanthropy: Its Evolution and Its Future*, by Allen Grossman, Sarah Appleby, and Caitlin Reimers addresses the expansion of venture philanthropy and the important

place it will continue to hold in the general realm of philanthropy. Venture philanthropy was first introduced in April of 1997 on the premise that foundations could take some of the useful practices of venture capitalists and apply them to philanthropic endeavors. Specifically applying tactics such as due diligence, risk management, performance measurement, relationship management, investment duration and size, and exit strategy. Venture philanthropy aims to serve more people, more effectively by encouraging philanthropists to make fewer, larger, longer grants, backed by "a core belief in the power of strong organizations to produce change" (Grossman 2). The underlying principle of venture philanthropy comes from the understanding that an effective organization can utilize contributions in a way that doesn't just impact current customers, but also helps to elevate the overall growth curve of the organization.

Catalytic philanthropy is closer to venture philanthropy than it is to traditional or organization building philanthropy. In catalytic philanthropy, "giving is aligned with a shared theory of change developed between a funder and its partners (including grantees, leading voices, beneficiaries, and other stakeholders) which is focused on the organizations, knowledge, advocacy, and delivery capabilities required for multifaceted solutions to complex problems which are beyond the scope of a single organization" (Giving 10). Catalytic philanthropy is focused on addressing systemic and market failures and concerns itself with measuring and gathering feedback for ensured, long-term stability. Focusing on long term solutions to systemic problems, may be the best reflection of philanthropy's original meaning of love for humankind. Working in community with those in need, leveraging the privilege of those who have it and seeking to make sustainable, systemic change is certainly a way to demonstrate a voluntary care and concern for the common good of humankind.

When defining philanthropy, it is important to understand not only what it is, but also what it is not. Philanthropy is neither charity nor simply the act of giving. Where charity implies a handout, and although some traditional forms of philanthropy may mimic this, true and successful philanthropy is a hand up. Philanthropy differs from charity in that it takes on more than simply dispersing monetary donations. Additionally, philanthropy is not simply the act of giving. "Giving means donating one's resources without contracting to achieve comparable economic compensation" (Giving 10). This distinction is important because in many cases, there is economic compensation involved in philanthropic acts. The efficacy of this is not the important aspect at this time, although its significance is great, and will be addressed within the research, rather the distinction between philanthropy and giving is the piece of importance at this time as it is necessary in the development of a complete understanding of philanthropy.

With a comprehensive understanding of traditional philanthropy, organization building philanthropy, venture philanthropy and catalytic philanthropy one can begin to adequately assess the benefits and pitfalls of each type. While the intention behind each type of philanthropy may be positive, it is evident that there are many negative implications that coincide with some types of philanthropy. Understanding and unpacking each of these elements as they are related to traditional philanthropy, organization building philanthropy, venture philanthropy and catalytic philanthropy is crucial in developing an accurate archetype for the most beneficial type of philanthropy.

Traditional philanthropy, arguably, has the most negative implications that follow its utilization. "At its best, philanthropy unites individuals in caring relationships that enrich giver and receiver alike…at its worst, it is divisive and demeaning to everyone involved" (Giving 1). When done well, with the intention of establishing a relationship, rather than simply writing a check, one is able to engage in meaningful communication and connections with the community

which they are trying to help. However, this is not typically the case. Rather traditional philanthropy mimics a model, closer to charity, where a there is a handout given to a community in a demeaning, demoralizing way, that belittles the community members and simply provides the company with a tax break and a boost to their public image.

Engaging in organization building philanthropy can be beneficial as it focuses the donors in on the specific organization which they are supporting and provides an investment in human capital as opposed to physical capital around which traditional philanthropy centers itself. A key tenant to organization building philanthropy is an investment in, "the grantee's own leadership, theory of change and capacity to deliver on their mission; measurement focuses on the capabilities of the enterprise and the scalability of its impact" (Grossman 4). By engaging in this type of philanthropy foundations or companies are furthering individuals' agency and promoting the overall strength of the organization which they choose to support.

While this type of philanthropy does not have the vagrant negatives of traditional philanthropy, it is criticized for its focus on measurable outcomes. When the emphasis of a project shifts from the project itself to how can the impacts be measured and scaled, there is typically a disconnect that occurs between the organization providing the money and the community. In this type of philanthropy, the community's perception is that they do not actually benefit from the gift. Additionally, organizational building philanthropy is criticized for not providing program specific investments. In the non-profit sector, when organizations that donate funds not tied to specific projects, rather general investment in improving the organization and staff, there is typically push back from the external community. This push back has potential to negatively impact the public perception of the company engaging in organizational building philanthropy.

Closely related to organizational building philanthropy, venture philanthropy has gained significant traction in the last 20 years in the non-profit sector. Sharing many of organizational building philanthropy's downsides, venture philanthropy is also criticized for emphasizing measurement and scalability, almost to a fault. Community members criticize venture philanthropy because the investments are not typically felt by the individuals in the ways which traditional philanthropy may be. Venture philanthropy may not provide a community with a new youth center program, rather it would invest in development of the youth center in broader ways. Given that venture philanthropy has its roots in venture capitalism, it would be unrealistic to expect the model to fit in completely in the realm of philanthropy. Venture philanthropy is different from venture capital, however, insofar as venture philanthropy can be employed throughout different stages of an organization's development and will serve different purposes depending upon the time which it is employed.

Venture philanthropy can be incredibly beneficial when employed correctly. Venture philanthropy aims to serve more people, more effectively by encouraging philanthropists to make fewer, larger, longer grants, backed by "a core belief in the power of strong organizations to produce change" (Grossman 2). The underlying principle of venture philanthropy comes from the understanding that an effective organization can utilize contributions in a way that doesn't just impact current customers, but also helps to elevate the overall growth curve of the organization. By developing stronger connections with organizations, venture philanthropists are able to make larger scale, longer lasting changes which can absolutely be seen as a positive aspect.

The last type of philanthropy, catalytic philanthropy, is what many scholars and experts in the field believe to be the best type of philanthropy. Catalytic philanthropy is particularly beneficial as it pushes philanthropists to step away from traditional hands-off roles, and instead invest and

involve themselves in solving systemic problems with the organizations that they support. Catalytic philanthropies hands on approach employs both the resources and the skills of the individual philanthropist with the resources and skills that already exist within the organization. The article, *Catalytic Philanthropy*, by Mark Kramer emphasizes the four key tenants that make catalytic philanthropists so effective:

> They have the ambition to change the world and the courage to accept responsibility for achieving the results they seek; they engage others in a compelling campaign, empowering stakeholders and creating the conditions for collaboration and innovation; they use all of the tools that are available to create change, including unconventional ones from outside the nonprofit sector; and they create actionable knowledge to improve their own effectiveness and to influence the behavior of others. (Kramer 32)

Each of these practices are important on their own, but the combination of the four, make catalytic philanthropy one of the most effective and useful ways to help solve systemic problems.

Catalytic philanthropy increases donor's responsibility and when accountability is increased, the desire to solve problems increases as well. Another beneficial element of catalytic philanthropy that is beneficial is that donors are in a unique position to leverage their personal networks and connections to help nonprofits achieve better results. When donors are not confined to simply writing checks, they are able to employ powerful means of social change. Catalytic philanthropy increases donor involvement, coordinates involvement, "by stimulating cross-sector collaborations and mobilizing stakeholders to create shared solutions," and uses all available tools to solve large scale systemic issues in ways that traditional philanthropy, organizational building philanthropy and venture philanthropy are unable to do (Kramer 34).

While increased, commitment and donor involvement can be incredibly beneficial for a nonprofit, the additional involvement can also prove to be a challenging component of catalytic philanthropy. A new, very devoted voice in the nonprofit can prove challenging, as the nonprofit

may feel like they have to give up some of their freedom to please the donor. A transition from "check writer" to "opinion giver" can cause new conflict within an organization. Additionally, the organization may feel responsible for educating the donor. The burden of education is something that many nonprofits do not have the time or resources to cope with. The potential for additional conflicts of opinion and the necessity of education, could prove to make catalytic philanthropy more difficult for the nonprofits, even though the commitment and intention of the donor is admirable.

One element that is present in every type of philanthropy that is important to address as a potential positive and negative, is the tax break that organizations, specifically companies receive when the contribute philanthropically. "Tax incentives are incorporated in the tax codes at all levels of government: federal, state and local. The donation is reported on the tax return and used in calculating the ultimate tax liability" (learningtogive.com). On one hand, lowering a company's overall taxable income is an incentive to engage in philanthropy for many companies, and this incentive means that there are more companies engaging in philanthropy than likely would without the tax incentive. However, because there is the incentive, there is often not an intentionality or follow through present that would allow the philanthropy to transition from tradition philanthropy to venture philanthropy or better yet, catalytic philanthropy. This double-edged sword of the tax question in philanthropy is something that can have potentially positive and negative implications and is very important to consider when a company is deciding to engage in philanthropic endeavors.

Understanding the benefits and pitfalls of each type of philanthropy is important in developing a comprehensive understanding of philanthropies place in modern society. Another important element to developing this understanding is through analysis of the fields in which

philanthropy is the most prevalent. Philanthropy is involved in different ways in many places, but the fields which I find to be of particular importance are the sciences and the medical field, the nonprofit sector, and in corporate America. Philanthropy is involved in different ways in each of the aforementioned fields, and understanding its diverse and far reaching nature is important in developing a complete understanding of the essential question, "What is philanthropy?"

The article *Philanthropy for Science: Is It a Viable Option?* by E. Magnus Ohman, Pamela S. Douglas, L. Blue Dean, and Geoffrey S. Ginsburg looks at philanthropy and its increasingly prominent role in the scientific realm. The article begins by making the claim that there are significantly more binding ethical standards when employing philanthropic practices in the sciences, however given the substantial decrease in medical research funding from government resources and international outsourcing, there is a greater need for philanthropic involvement in science than ever before. The article estimates that in, "2009 $4.8 billion was donated through philanthropic support to US Academic Medical Centers, healthcare systems, or community hospitals" (Ohman 1057). This influx of money was vital in research and opened doors for more philanthropic involvement in the medical world.

Catalytic philanthropy in particular is a very important element in philanthropic involvement in the sciences. "Many of these foundations are engaged in catalytic philanthropy as they support many seed projects, similar to venture capital funds, to eventually support one real breakthrough (Ohman 1057). Constant and widespread support of an important cause is central to catalytic philanthropy according to the understanding presented in this article. This philanthropic involvement can bridge the gap between traditional, basic research, and the development of groundbreaking science.

Philanthropic investment in the medical filed presents itself in a different way than in most other sectors as, approximately 20% of all philanthropic support stems from grateful patients who hope to engage in partnerships of discovery. "These patients are grateful for their care and understand the value of supporting an academic mission that is aligned with their vision and priorities" (Ohman 1058). In these circumstances, individuals may have more specific desires for the use of their philanthropic investments, and it is incredibly important that there is a separation between the patient and the clinical setting in which the funds are implemented.

In the medical field, and scientific research in general, "Philanthropy is and can be a meaningful way to identify funding to support innovation, research, and gifted faculty members for any academic institution" (Ohman 1059). Employing philanthropy in the most effective way in medical or scientific research is difficult and can be stressful as it requires support and policies which consistently require the highest ethical standards; however, philanthropy will continue to be important in science as it supports research and innovation in meaningful ways.

Philanthropy is particularly important in the sciences and medical field as commercialized medicine becomes more prominent. When companies are incentivized to produce because of a promise of profit, the companies that cannot compete with the size of "big pharma" are often left in the dust. These smaller, typically nonprofit institutions are still staffed with capable and intelligent researchers; however, they struggle to compete with the resources which big pharmaceutical companies have access to. Smaller research labs and nonprofit medical companies rely on philanthropic donations to make meaningful contributions to the science and medical fields.

In addition, the value that philanthropic endeavors can add to the medical and science fields, philanthropy can have positive impacts on the big businesses in corporate America which

choose to employ it as part of their social responsibility platform. Corporate philanthropy, can have positive implications on business performance, increase return on investments, improve stakeholder responses, allow the company to gain access to political resources, enhance the morale of a company and improve their public image. While one of these factors alone may seem like a good enough reason for a corporation to engage in philanthropic endeavors, the combination of these elements provides a very strong case as to why organizations should participate in philanthropy as part of their corporate social responsibility platforms.

One of the most attractive elements of engaging in corporate philanthropy is the possibility of increasing a company's business performance. Supporters of corporate philanthropy argue that corporate philanthropy positively affects corporate financial performance because, "decisions regarding charitable contributions can be made strategically to raise a company's image and reputation, as well as to increase the value of its 'moral capital'" (Wang 1159). The combination of raising image, reputation and the value of moral capital all work in conjunction with one another to increase a company's business performance.

In addition to improving overall business performance, "corporate philanthropy helps firms gain sociopolitical legitimacy, which further enables them [companies] to elicit positive stakeholder responses and to gain political access" (Wang 1160). Gaining stakeholder responsiveness stems from an increase in public approval which improves the public perception and, in some cases the legitimacy of the company. This is different from shareholder responsiveness, as the entire network of individuals and the community which the company engages with encompass the stakeholders, not just those who hold stock in the company. Political access is also generated by strategic corporate philanthropy as a company's action may generate

political legitimacy or approval, which enables them access s to political resources, critical to a company's development.

A case study, demonstrating the benefits of corporate philanthropy, *Corporate Philanthropy and Corporate Financial Performance: The Roles of Stakeholder Response and Political Access* reviews the utilization of corporate philanthropy in China. "Although the rapid development of the Chinese economy has resulted in positive changes in the public's perfections of the wealthy, Chinese people are still deeply influenced by traditional values and communist ideologies" (Wang 1162). This fact increases the value that shareholders and stakeholders alike see in philanthropic endeavor employed by a Chinese corporation. By engaging positively with shareholders and stakeholders a company creates a strong support that has positive implications on financial performance. Many people in China are still rooted in traditional values which promote giving to others and dispersing wealth in a charitable way, so this ideology aligns with their beliefs.

Additionally, in China, establishing a positive public image through philanthropic actions can have positive political implications. "Firms lacking strong political connections may struggle to have a role in creating goodwill with the national government, thus conferring legitimacy and access to political resources" (Wang 1162). Establishing "goodwill" through a shared respect and expectation of charitable acts, is a beneficial way for a company to establish connections with those in governmental roles, as well as gain access to political resources.

The Chinese case study in which the aforementioned assumptions and observations regarding the benefits of corporate philanthropy, were tested, provided the results that there is a "positive relationship between corporate philanthropy and financial performance as measured by ROA" (Wang 1173). The significance of this observation is that it helps to build on historical

literature on corporate philanthropy and demonstrates that corporate philanthropy helps firms to gain sociopolitical legitimacy and provide a legitimate financial benefit for the company. It is evident that corporate philanthropy enhances corporate financial performance by eliciting better stakeholder responses and helping the company to gain political resources and should be utilized more regularly.

While philanthropy has many positive, contemporary implications, I would be remised if I did not acknowledge the skeptics view of the field. In addition to all of the individual pitfalls associated with traditional philanthropy, organization building philanthropy, venture philanthropy and catalytic philanthropy, there are some who question the efficacy and benefit of philanthropy all together. The article *Does Philanthropy Reduce Inequality?*, by Indraneel Dasgupta and Ravi Kanbur seeks to address this question directly. Through their research Dasgupta and Kanbur demonstrate that rather than reducing inequality, philanthropy may aggravate absolute inequality and leave a negligible change in relative inequality.

One problem that the article highlights with philanthropy is that wealthy people tend to contribute large amounts of money towards public goods. While these public goods may be beneficial for those with low incomes, the contribution does nothing to actually impact the unequally distributed income levels that exist within a community. Given that most people have access to public goods with limited cost, to begin with the impact on the community is small and the rich donors are able to claim large tax deductions based on their contribution without doing anything to change the state of inequality faced by those with lower incomes.

The concerning part of individuals or corporations receiving the tax deductions stems from the idea that by not paying the full amount of their taxes, they are limiting the pool of funds availability for redistribution. "These tax deductions reduce the resources available for direct

redistribution" (Dasgupta 2). These large philanthropic contributions to public goods, which low income individuals have access to already, limit the resources that can be filtered back into the community in potentially more meaningful ways. Through census and general governmental research, some believe that the government is better suited to determine how the funds should be reallocated to a society, as opposed to an individual or corporation looking for a tax break.

In addition to limiting the funds available for redistribution, critics of philanthropy believe that further magnifies the welfare and income gap between the poor and the wealthy in a way that has negative implications on society. "According to absolute measures of inequality, the community may in fact be made more unequal, rather than less, by philanthropy" (Dasgupta 3). Regardless of the amount given, some believe that any amount specified to a public good by philanthropists benefit the rich more than they benefit the poor as it demonstrates a divide in incomes even more.

While there are skeptics of the value of philanthropy and those that criticize its utilization all together, when employed correctly, philanthropy can have significant benefits for the individuals involved, the company engaging in the philanthropic endeavor, and the organization receiving the funds. When companies and individuals "strategically use their charitable activities to create win-win opportunities for themselves and beneficiaries of their philanthropy" there is a benefit to all parties (Bruch 49). Engaging in effective philanthropy, in this way is difficult, but not impossible, and I am confident that the following model will provide an archetype of philanthropy that promotes agency within communities, works to address inequality rather than cover it up, and negotiates the pitfalls of philanthropy in a way that provides the maximum benefit to all those parties involved.

When determining the best type of philanthropy to be employed in society to elevate, rather than diminish the agency of those we intend to help, one must first recognize the inherent privilege they have in making this distinction. As an outsider looking in at a vulnerable community, one must acknowledge that without extensive research, conversation and emersion, they will not be able to have a complete understanding of the assets, nor the needs of said community. This understanding suggests, that the first step to engaging in truly beneficial philanthropy would be getting to know the community which you intend to engage.

This belief draws from catalytic philanthropy, by promoting individuals and corporations develop a relationship with, connection to, and understanding of the community and their unique needs. However, it is crucial that individual and corporations not only take the time to learn about a community's needs, but also their many assets. In order for meaningful work to exist, there must be a recognition that communities are much larger than simply what they need. Taking the time to learn about the many assets available in a community may actually provide an even clearer direction for philanthropic engagement and will certainty provide an opportunity to make significantly more beneficial change.

Once the individual or corporations have gained insights to both the needs and the assets of a community, it is essential that when a project is chosen that does not simply address a common resource. While there is an argument to be made for further supporting already existing resources and governmentally funded projects, most people in need, already have access to these resources and would benefit more from something else. Addressing a need that is not met by any other means is crucial and made easier by the thorough analysis of the communities needs and their assets.

Before an individual or a corporation decided to engage in philanthropic endeavors it is crucial that they determine a project that employs a concrete strategic plan. While this plan may

shape itself in a different direction as the work unfolds, it is an important aspect, nonetheless. This understanding draws from the principals that surround corporate philanthropy but should be applied to all philanthropic endeavors. A strategic philanthropy model integrates internal and external perspectives and applies strategic management principles, while also taking into account the needs and expectations of the stakeholders. Integrating internal and external perspectives ensures that those who know the community the best, the members, will be given a stake in the decisions, while also taking advantage of the fresh perspective that can come from someone who is aware of the community, but not immediately attached to it.

Once a strategic plan for engagement, conversation, and finally implementation has been created, it is essential that there is also a clear and well understood exit strategy. Exit strategies are an essential part of venture philanthropy endeavors, and I believe that this theory should be applied to all philanthropic endeavors. The goal of philanthropy should never be to create another need; a community should not become reliant on the source of funding. Rather, philanthropy should elevate the skills and resources already available within a community to a point that they will eventually be sustainable on their own. Creating an exit plan can take many forms and should be done with great care. By no means do I suggest that an individual or corporation should simply provide their philanthropic investment and then walk away once the check has been cleared. Rather, I am suggesting that leaders within the community, members of the community and the philanthropists all come together to create a reasonable plan for the philanthropists exit at an agreed upon point in time.

By truly getting to know a community, both their needs and their assets, developing a strategic plan for entrance, implementation and eventually exit, it is my belief that both individuals and corporations can engage in effective philanthropy in a way that does not limit the agency of

vulnerable populations. Just as the tree gave her branches to the boy so he could build a house, when one engages in connection and seeks to elevate a community largely from the resources that already exist within, in addition to supplementary funding, I believe that philanthropy can be a successful tool in decreasing inequality.

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