

Philanthropie Aktuell

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EDITORIAL

Dear Readers,



The term «third sector» was established in the late 60s in the United States and has since then become a global success story. Apart from the development of a new industry with a shared self-image, a distinct research field emerged, focusing in particular, on the management of the new organizations.

However, fueled by the ever increasing influence of economic principles, a process has started that questions the existing sectorization. Today, the frontiers between profit and nonprofit are no longer following the organization's borders, instead, they run right through it.

The majority of nonprofit organizations is generating at least some of their revenue through products or services following the market-principle «goods for money». But this development is not one-sided. All larger – and many smaller – companies are acting as «corporate citizens» and engaging in social, cultural, ecological, humanitarian or educational projects.

Thus, research has to rethink its approach. The object of study is no longer the organization, but rather its action. At the CEPS, we apply this approach by analyzing philanthropic action – regardless of who executes it.

Enjoy reading more about the current international nonprofit research and global philanthropy!

Sincerely, Georg von Schnurbein

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Are we going the right way?

Recent developments in global philanthropy research show a focus on addressing social issues through private, market-oriented solutions using narrow definitions of social enterprises. A critique from Dennis R. Young, Georgia State University.

I've recently returned from two programs in Italy where the concept of social enterprise was front and center in discussions among third sector researchers. This was no real surprise given the high level of contemporary interest in nongovernmental, entrepreneurial solutions to public problems almost everywhere in the world these days. Throughout the world, we seem to be expanding our perspectives from a narrow definition of the nonprofit or third sector to a broader, more hybrid approach to addressing social issues through private, market-oriented solutions.

Three approaches to social enterprises

In essence one can differentiate three different schools of thought that rage particularly on the definition of social enterprise trying to pin down the exact phenomenon.

The European research network EMES argues that there is an ideal type of social enterprise, or a set of guiding principles to which all social enterprise ventures, no matter which form they take, should aspire. These principles involve democratic governance, limited profit distribution and devotion to a social purpose.

Another approach uses the metaphor of a spectrum, recognizing that many combinations of profit-making and social organizational motivations exist between unfettered profit-making business and pure devotion to a social mission. Greg Dees is most closely associated with

this school of thought, arguing that social enterprises range from charitably supported nonprofits, to commercial nonprofits supported substantially by market revenues, to socially-responsible businesses to businesses purely devoted to profit-maximization

A third approach to defining social enterprise takes innovation as its central focus, arguing that social enterprises are created by Schumpeterian social entrepreneurs who employ market and non-market means to achieve some combination of material and social goals by implementing new ideas and ways of doing things.

Different point of view

I enjoyed debating these various ideas in this summer's conferences but I argued for a somewhat different point of view. For nonprofit sector scholars, the debate on social enterprise is helping us to break free of the sectoral straightjacket represented by singular attention to traditional nonprofit organizations and to think more broadly in terms of a variety of organizational vehicles that can accomplish various social aims. It is also helping us to understand the increasingly hybrid character of nonprofit organizations themselves, as well as the networks and partnerships in which nonprofits are increasingly involved. That said, I do not believe that social enterprise is simply a substitute organizational form for traditional nonprofits nor even a single organizational type. Moreover, and this is where

I part company with the «ideal type» and «spectrum» metaphors, I do not think that the study of social enterprise requires or benefits from a narrowly confining fence separating ventures that can be defined as social enterprises and those that cannot.

The organizational zoo

I understand the desire for clean definitions, not only for research, but also for the formulation of coherent public policy and the development of productive management strategies. But for social enterprise there is no one size fits all solution. The best metaphor that I can suggest is that of an organizational zoo where each animal has its own orientation, capacity and interests and should be managed accordingly.

In each case, public purpose and self-interest fit into the organizational calculus in some way. The common interest of society is to encourage effective ways of addressing social issues and problems, taking into account the peculiar nature of the different animals. Each animal in the zoo may contribute to the public interest while retaining its own peculiar identity rather than being pigeon-holed into some common notion of social enterprise.

Thus, corporate social responsibility programs of publicly held corporations have a place in this zoo, while recognizing that their sponsors' bottom line is unequivocal long run profit maximization. So too, we can understand some privately held businesses better by recognizing their more complex interests in serving their communities as well as their owners.

FACTBOX

The acronym **L3C** stands for **low-profit limited liability company**. This is a legal form created in the USA for organizations that pursue a public purpose but can still be privately owned and pass limited profits to its owners. In Great Britain, a similar legal form for social enterprises called **Community Interest Company (CIC)** exists.

The precise character of some of the new forms remains a mystery to be studied. Various combinations of stakeholder vs. stockholder governance, limits on profit distribution, regulatory oversight, inter-organizational partnerships, and

entrepreneurial leadership and control, are likely to yield very different behaviors and results.

As researchers, we should welcome this variety as the basis for productive theoretical and comparative empirical study. As citizens, we can also embrace the great diversity of new organizational tools now at our disposal to address vexing global social issues ranging from unemployment to environmental degradation.

As the lyrics of Paul Simon suggest, «Someone told me, It's all happening at the zoo, I do believe it, I do believe it's true»

Dennis Young is professor at the Andrew Young School of Policy Studies of Georgia State University. He is a widely respected authority in the nonprofit field and has written many articles and several books. He is also the founding editor of the journal Nonprofit Management & Leadership.

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Jacques Defourney and Marthe Nyssens, 2008. «Social enterprise in Europe: Recent trends and developments», Social Enterprise Journal, Vol.4, No.3, 2008

Jacques Defourney and Marthe Nyssens, 2012.«The EMES Approach of Social Enterprise in a Comparative Perspective», EMES European Research Network, WP no. 12/03

Paul Simon, 2008. Lyrics: 1964-2008, New York: Simon and Schuster, p.51

International Research Networks

The NPO research community is internationally well connected. In the following, four of the most important networks are presented.

ARNOVA

The Association for Research on Non-profit Organizations and Voluntary Action (ARNOVA) was founded in 1971. Its official journal «Nonprofit and Voluntary Sector Quarterly» (NVSQ) is one of the most important scientific journals for NPO researchers. This year's conference takes place in November, at the Indiana University in Indianapolis, USA.



www.arnova.org

EMES

The EMES Network is a Belgian association that grew out of a European research project in 1996 entitled «The Emergence of Social Enterprises in Europe». Its main research topics include social enterprises, social entrepreneurship and social innovations. The next EMES-conference takes place in July 2013, in Liège, Belgium.



www.emes.net

ERNOP

The European Research Network on Philanthropy was founded in 2008. The main objective of ERNOP is to strengthen the research and knowledge about Philanthropy in Europe. CEPS participates in this EU funded project, to find out more about the contributions of private funds to scientific research.



www.ernop.eu

ISTR

The International Society for Third Sector Research celebrated its 20th anniversary this year. The network connects researchers from around the world and has sub-sections in Latin-America, Africa, Asia and the Middle East. Every two years, it organizes a large conference. «Voluntas» a publication by ISTR, is another important research journal.



www.istr.org

CEPS INSIGHT

Recent Scientific Publication of the Centre for Philanthropy Studies

The article «Is doing good good enough? Philanthropy between mission and management» by Georg von Schnurbein was published in the German book «Business ethics controversial – positions from theory and practice» edited by Georg Pfleiderer and Peter Seele.

Lectures on Science Funding

In June, Steffen Bethmann gave two lectures on foundation funding of science: one at the mid-level faculty association of the University Bern and the other at the University of Applied Sciences North-West Switzerland.

UP becomes DAS

The University of Basel decided to rename its further education title «University Professional» to «Diploma of Advanced Studies» (DAS). From now on, graduates from the CEPS degree program will therefore receive a «Diploma of Advanced Studies in Nonprofit Management & Law».

Challenges of Global Philanthropy

The UBS Optimus Foundation (UBSOF) is dedicated to helping the most vulnerable children reach their full potential. UBSOF supports high-impact, evidence-based projects that improve child education, protection and health. Following is an interview with the CEO of UBSOF, Phyllis Kurlander Constanza, about the challenges and opportunities of global philanthropy.

CEPS: Last year the UBSOF supported almost 120 projects in more than 50 countries. How do you select the projects?

PKC: It is our priority to fund only high-quality projects with the greatest potential for lasting positive impact on the lives of the vulnerable children we serve. Thus, our systematic and transparent review process is guided by the strict criteria we have established to identify the best partners and opportunities. For example, we look for innovative projects that are feasible, replicable and scalable and which strengthen both local capacity and the global evidence base for lasting good. We prioritize projects that address overlooked areas or critical voids. Finally, we fund projects for which the UBSOF has the right mix of expertise and resources, and that will continue to deliver community benefits long after the immediate project goals have been reached.

Phyllis Kurlander Constanza



Phyllis Kurlander Constanza became the CEO of the UBS Optimus Foundation in June 2011. Before she was the Director of Leverage at Children's Investment Fund Foundation (CIFF) in Great Britain.

CEPS: What are the greatest challenges in working in so many countries?

PKC: I would say that we work in communities rather than countries, because even within one country there are likely many social, economic, cultural nuances to carefully consider to ensure the project will be welcomed and will address specific, identified needs in ways that are respectful and effective. We also consider as to how we can best align our efforts with local and national governments and affect changes in policy. At the same time, we are always looking to ensure that the Foundation's goal of best practice is being achieved. So it is always an opportunity and responsibility as much as a challenge.

CEPS: Is your support limited to financial aid?

PKC: We are in many ways a champion for children and an advocate and partner for those who serve them. When helping children affected by the Buruli ulcer, we facilitated alliances to accelerate impact for this neglected issue and convened experts to solve problems. Depending on our level of engagement or the size of the project, we have also provided resources including performance-based management assistance or external evaluations. We want each project to generate the highest possible «social return on investment» for the children we serve.

CEPS: How do you evaluate the success of the programs?

PKC: Evaluation starts by selecting projects that have desirable and measurable objectives. Then, we conduct careful multivariate analyses at the projects mid-point or its termination and examine what was achieved and whether it can be further scaled or otherwise leveraged for benefit. We also consider the projects' unintended consequences, both positive and negative. Our external evaluators and internal experts assess these factors, considering evidence yielded, lessons learned, changes in policy or practice and the long-term advantages of our funding.

CEPS: How do you deal with projects that fail to bring the desired results?

PKC: Our performance-based management and monitoring of projects help us detect potential problems quickly and, hopefully, avoid sub-optimal results. Consistent review allows us to work with our partners to address challenges as they occur, not well after the fact. Of course, despite our careful stewardship, projects can go awry. We always adhere to our ethical responsibilities and standards and will withdraw funding when necessary.

CEPS: In your opinion, what is the biggest potential of foundations in global philanthropy?

PKC: Foundations like ours are free to

elevate human potential and respond to neglected needs regardless of political or market limitations. So, we are uniquely positioned to take smart risks, incubate untested ideas, advocate and mobilize diverse stakeholders and unconventional partnerships. I find this work endlessly humbling and inspiring – and its potential for universal good equally so.

CEPS: Thanks!

NEWS

BASEL Foundation City Basel

The second edition of the Basler Day of Foundations took place on August 18th. Guest speaker Dr. Klaus Wehmeider, Vice President of the Körber Foundation, reported about the activities of foundations in Hamburg. 20 Foundations based in Basel also had the opportunity to present their activities on booths.

www.stiftungsstadt-basel.ch

INDIANAPOLIS First School of Philanthropy

The board of trustees of Indiana University in Indianapolis, USA, gave its approval for the foundation of a School of Philanthropy. If the University receives state approval this year, as is expected, the worldwide first University faculty, that is fully dedicated to research and education of philanthropy will be created.

www.philanthropy.iupui.edu/news/article/plan-to-create-first-school-of-philanthropy-approved-by-indiana-university-trustees

WIEN Giving in Austria published

Michaela Neumayr and Christian Schöber of the Vienna University of Economics and Business published the study «Giving in Austria – Factors influencing the donation behaviour of Austrian citizens». It shows that in 2011, 65.4% of the population donated money. The largest recipients were churches and religious associations. The average donation amounted to 91.40 EUR.

www.wu.ac.at/npc/

Global Philanthropy – Swiss Made

Switzerland is not only a leading nation regarding its many humanitarian organizations, it is also the home of many global players of philanthropy. A non-exhaustive overview.

Internationally, Switzerland is a well-known NPO location for humanitarian organizations and sports associations. Besides prominent examples such as the ICRC, FIFA or IAAF based in Switzerland, there are various other internationally active organizations representing the traditional nonprofit sector.

Global Players

When it comes to philanthropy institutions, Switzerland is not immediately put on the international map. This should be revised as there are a number of leading, global organizations in this country, some of which we will introduce in the following.

In the field of microfinance, two Swiss funds are among the largest in the world: ResponsAbility and Blue Orchard offer several different funds to private and institutional investors. ResponsAbility, for example, manages over 1 billion USD in different funds that are invested in 260 microfinance institutes which are located in more than 60 countries. With this money, more than 16 million grantees are supported.

In the field of philanthropy consulting, specialized firms such as Wise Philanthropy Services or Social Investor Advisors offer their services globally. In addition, several banks have established their own internal philanthropy services. With respect to modern philanthropy approaches, LGT Venture Philanthropy is one of the internationally bestknown organizations, even though the foundation only celebrated its fifth anniversary this year.

A bridge to the initially mentioned humanitarian organizations is built by the «G-Foundations», which have established themselves in Geneva since 2000. The Global Fund, GAVI or GAIN are funded by private and state donors and have developed into leading actors for global health.

International Foundations

And lastly, more than a quarter of all Swiss grant-making foundations are engaged on an international level, not only in the field of development aid, but also in culture, education, research and environmental protection.

Georg von Schnurbein

European Foundation

The European Foundation Council (EFC) pushes for a European Foundation Statute.

For a number of years now, the EFC is lobbying for the establishment of a European Foundation Statute, which would make cross border philanthropy a lot easier. Basic requirements for setting up a Fundatio Europaea would be that the foundation is active in at least two member states or that this aim is explicitly stated in its purpose. The proposal of the commission is now waiting for approval by the European Council and the European Parliament. An assessment of the proposal can be found in the Swiss Foundation Report 2012.

Did you know?

70'000'000'000

A recent survey conducted by the CEPS on foundation regulative authorities allows – for the first time – to make accurate estimations about the assets of foundations in Switzerland. They hold a combined value of approximately 70 bn CHF

Source: CEPS

CALENDER

CEPS ADVANCED STUDIES

CAS Performance & Communication

Modul 1: Communication
10 - 13 September 2012, Oberhofen

Modul 2: Monitoring
22 - 24 October 2012, WWZ,
University Basel

Modul 3: Performance
12 - 15 November 2012, WWZ,
University Basel

**Intensive-Course
NPO Financial Management**

8 - 12 October 2012, Kloster Kappel

**Cours intensif en gestion des
fondations donatrices**

30 October - 2 November 2012, Geneva

OTHER DATES

NCVO/VSSN

**Researching the Voluntary Sector
Conference 2012**

10 - 11 September 2012, Birmingham

**Third Sector Research Centre,
University of Birmingham
4th International Social Innovation
Research Conference**

12 - 14 September 2012, Birmingham

ClearlySo

7th Social Business Conference

8 October, LSO St. Luke, London

ARNOVA Conference

**Re-examining Philanthropy: Exploring
Root Concepts for our Field(s)**

15 - 17 November, Indianapolis

LEGAL NOTICE

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