

Giving, Investing and Sharing – approaches to philanthropy.

David Robinson, June 2004.

In recent years charities and philanthropy have come under increasing pressure to become more business-like in the way that funds are raised, managed and distributed. This has resulted in an emphasis on venture philanthropy, or investment, rather than the act of charity, or “being charitable”. This approach focussing on outcomes contrasts with the traditional, charitable approach to philanthropy that emphasises motivation and process.

However, considering philanthropy in a social capital framework based on trust, reciprocity and shared norms and values focuses on connections between donor and recipient in terms of their relationship rather than the form of allocation or investment of funds.

Within this framework there are three ways in which philanthropy can be conceptualised:

1. As charitable giving in the “traditional” sense. Giving by those with resources and power to those without. This emphasises the unconditional gift to others with no relationship to the donor - *giving*.
2. As a form of investment. Venture philanthropy where providing funds is conditional upon a business case. This emphasises investment within good business practice – *investing*.
3. As a form of sharing resources within a community. Based on sharing among rather than giving to. This is the predominant approach within Maori society – *sharing*.

The motivation to “share” in ensuring others’ well-being requires the ability to also “share” their disadvantage – to feel part of their reality.

How far this “sharing” is taken is linked to the “reach” of different groups. Those with close ties (and strong bonding social capital) within a group are more likely to “share” their resources and assets with others in that group than to give to those outside.

Those with “weak” ties (and potentially strong bridging social capital with people outside the group) are more likely to reach out to share their resources with others – which is what we currently consider as philanthropy and charity.

Sharing takes place among those with common family, cultural or community connections. The donor is part of the community and/or activity. In this case encouraging generosity requires people to extend these boundaries.

This form of philanthropy can provide connections with others through a feeling of belonging rather than giving to unknown others out of feelings of duty. A social capital framework emphasises reciprocity between donors and recipients rather than stressing the separation between giver and recipient. This suggests a balance with the

donor's desire to make a contribution to others matched by a recognised and relevant recipient.

However, in New Zealand the terms charity and philanthropy are often viewed negatively. The view that charity consists of the wealthy handing over a portion of their surplus resources to passive (and beholden) recipients is widely held.

Re-distribution of wealth through taxation in contrast is seen to be fairer in that the government intervenes and removes donor's choice. Funds are taken by decree, while the recipient no longer needs to feel grateful as this asset redistribution is no longer a "gift" but a right.

The Government's decision to establish a Charities Commission provides an opportunity to revisit the terms charity and philanthropy and to possibly reinstate them as positive and ongoing features of New Zealand culture and society. That it is good to be charitable; that philanthropy consists of the positive re-allocation of resources or profits among New Zealand society.

Philanthropy might be better understood and welcomed as a form of sharing where both parties benefit rather than as a passive gift.

One difficulty with this concept is that the law considers a gift to be charitable when it is not exchanged for goods or services. The gift is made with no expectation of a return. In practice giving results at least in increased feelings of well-being. The wider community (including the donor) may also benefit from the action.

Perhaps one way to clarify the difference between giving and sharing is to consider a Maori concept of philanthropy as a key element in developing a modern New Zealand form of charity.

This requires drawing together our English and Maori heritage; English in that the Statutes of Elizabeth recognise the independence of charities from the state and Maori in that Maori cultural aspects of sharing can provide a guide for this "modern" concept. This sharing is a way of redistributing resources among a community, not making a gift to that community; the re-cycling of resources within the community from which they were gained.

Maori emphasise the primary importance of extended family relationships as the basis for all other relationships. Social capital and philanthropy in Maori society is best understood through the concept of manaaki which refers to a fundamental value and practice bound by obligation. Manaaki can be applied to all manner of things and situations and includes koha. An authentic koha is not simply a gift; it is an expression of an ongoing connection that binds people together. This is a real example of social capital in action.

Maori concepts of giving are linked with obligations, duty, responsibilities and reciprocal arrangements. In traditional Maori society the concept of reciprocity that underpins giving is still understood and practiced. "When I make the return visit to a marae, I will reciprocate and when I do it is understood that I will be more generous in giving and sharing and that this will be reciprocated by the hosts in a more

generous manner, when they make a return visit.” The mana of the giver must be upheld and in turn, it is a recognition and acknowledgement of the mana of the receiver.

Making a gift carries with it a purpose. It is more than a gift passed from one person to another. It is a statement about place - the place of the giver and the place of the receiver. In order to be Maori, you must demonstrate certain things (including giving) in the right way, at the right time.

Philanthropy is based on one party owning a resource and being able to give it away or decide how it should be allocated. However, in customary Maori society with collective ownership, no individual can make a decision to allocate or gift funds. Formal philanthropy continues to be a sector where Maori are invisible. The concept of one party owning a resource and being able to give it away and the opportunity it presents for attracting tax deductions, remains a philosophical barrier to more Maori participation. If this is to change, then a fundamental shift needs to take place in thinking and practice within the community sector. Maori concepts of giving, sharing and caring need to be incorporated.

In developing a *sharing* concept of philanthropy to sit alongside those of *giving* and *investment* an issue is how a community is bounded. Whanau, hapu, iwi boundaries in customary Maori society? City or regional boundaries used by community trusts? The nation state as specified by most philanthropic trusts and the Lottery Board?

One (logical, accounting) response is to consider the area from which the available assets have been collected. If the purpose is to re-cycle surplus assets through the community then it makes sense to do this through the community where they were produced. If a community trust operates in and gains resources from a specified region then these profits should be shared with that region. In the same way gaming trusts aim to return a percentage of their profits to those who use their facilities.

This approach is attractive to many individual donors who like to “see” the results of their donations or gifts but it does not decrease inequality between communities, regions or countries.

Returning a surplus to those who helped create the profit suggests that corporate and state philanthropy should reach out beyond our national borders to people living in countries whose resources we have appropriated.

Extending the reach of *sharing philanthropy* means encouraging a move from bonding to bridging social capital. Bonding refers to strong ties within a group which help bind it together, bridging social capital includes the networks that enable people to reach out to others (from one bonded group to another).

Each has its purpose and value – customary Maori society has strong bonding social capital and while this enables support and sharing within the group it can limit connections with other groups. Bridging social capital is generally based on weaker links extending to those who are different – this enables people to cross boundaries and make connections that are of value in finding employment and so forth.

One positive effect of globalisation of information, the media, culture and sport is that the reach of those with whom we have some form of bond is likely to extend beyond our own bonded community.

Philanthropy can then be defined as sharing with others with whom we have common cause.

This is not to suggest that a *sharing* concept should replace those of *giving* and *investing* but that it is a complementary approach. This could provide a starting place for developing a New Zealand form of philanthropy that draws equally on our English and Maori heritage.

In practice this could lead to considering the use of co-operatives rather than charitable trusts to carry out functions such as economic development and housing. This may also be more appropriate for some Maori organisations.

Can the “sharing” nature of a co-operative be considered charitable?

Perhaps the determining factor should be the purpose rather than the legal structure. In this context it is important to note that “the purpose for koha is always worthy”. That is, the authentic sense of the term koha includes within it an acknowledgment that koha is given for a purpose that has been endorsed by community norms and values.

Note: The discussion of a Maori concept of philanthropy draws on the paper *Giving by Choice and Sharing Through Duty: Social Capital and Philanthropy in Maori Society*, by Tu Williams and David Robinson, 2002.