

# Stanford SOCIAL INNOVATION<sup>Review</sup>

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## *20th Anniversary Essays*

### **Philanthropy Needs to Focus on “Who,” Not Just “How”**

By Katherina M. Rosqueta

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to deploy our resources for good. As we confront bigger problems—and have less time to deal with them—we need to take our collective structure seriously. Can we shift the framing question from “What is best for our organization?” to “What is best for our mission?” Let’s get beyond our usual focus on our own self-interest and restructure our ecosystem for the greater good and the challenges yet to come. ●

## Notes

1 John Lewis Gaddis, *On Grand Strategy*, Penguin Press, 2018.

# PHILANTHROPY NEEDS TO FOCUS ON “WHO,” NOT JUST “HOW”

BY KATHERINA M. ROSQUETA

Since I came to the University of Pennsylvania to launch the Center for High Impact Philanthropy, there have been many developments in how philanthropy is practiced. These include the growth of donor-advised funds, new technology platforms that integrate everyday giving into our purchases, the emergence of effective altruism, and the rise in popularity of giving circles, to name just a few. All of these are innovations in *how* we practice philanthropy.

But for philanthropy to contribute to social innovation and produce sustainable, positive change, we need to rethink *who* we’re talking about when we talk about philanthropy. Who do we consider a philanthropist? Who receives philanthropic support? Who has the power to decide where philanthropic resources flow?

## WHO DO WE CONSIDER A PHILANTHROPIST?

Today, people still associate the term “philanthropist” with a wealthy businessman giving away huge sums of money in highly visible ways to large nonprofit institutions. For philanthropy to advance the kind of sustainable, positive change we all seek, we instead need to embrace the word’s original meaning.

The word philanthropy comes from the Greek “philia,” meaning love, and “anthropos,” meaning human. Yet, “love of humanity” is not the connotation many people have when they think about philanthropy. This was made clear to me more than 15 years ago when we were conducting interviews for our center’s first publication. Though our team considered her a philanthropist, one interviewee insisted she wasn’t, explaining that she was “just someone who saw a need, wanted to help, and could.”<sup>1</sup>

If we embrace that interviewee’s description of herself and the original meaning of the word, then I see philanthropists everywhere. If we further broaden philanthropy to include gifts of time and talent, both formal and informal, then the resources available for

social innovation are significant, as is the potential for more lasting change. That’s because our commitment to causes deepens the more we identify and feel a personal connection to them.<sup>2</sup>

## WHO RECEIVES PHILANTHROPIC SUPPORT?

Today, people often provide money to support institutions associated with their “tribe.” In the future, the more we cross institutional boundaries, expanding who is in our tribe, the more we strengthen society as a whole.

Analyses of tax-exempt gifts to nonprofits have long found that, at least in the United States, the top two types of nonprofits receiving charitable donations are religious and educational institutions.<sup>3</sup> This should come as no surprise. Both religious and educational institutions benefit from donors who are members of the institution. Every religion has a tradition of giving, whether it is Christianity’s tithing, Buddhism’s dana, Islam’s zakat, or Judaism’s tzedakah. Educational institutions, particularly universities, have the advantage of catching people during formative times in their lives. Alumni often attribute their later success to that time, and demonstrate their appreciation and trust through philanthropic support.

When philanthropy reaches across communities and beyond institutions that we belong to, it reinforces our shared humanity. One year after pledging to give most of her wealth back to society, MacKenzie Scott gave tens of millions of dollars, not to her alma mater Princeton University, but to historically Black colleges and universities (HBCUs) and tribal colleges. In a similar vein, Muslim Americans raised more than \$200,000 in support of the Jewish members of Pittsburgh’s Tree of Life Synagogue after the massacre there.

Such acts of philanthropy go beyond caring for those for whom we feel a direct responsibility or an explicit obligation to care for. They bring us together in an increasingly divided world. They demonstrate a love of humanity that strengthens society as a whole, the ultimate goal of social innovation.

## WHO HAS THE POWER TO DECIDE WHERE PHILANTHROPIC RESOURCES FLOW?

Today, a small group of wealthy individuals decides where a disproportionate amount of philanthropy’s resources flow. In the future, when decisions are informed by those most directly affected, positive outcomes are more likely to endure.

Broadening who we consider a philanthropist increases the number of people contributing to

social innovation. But as wealth has become increasingly concentrated, fewer people control where philanthropy’s financial resources go. My colleagues’ study of generosity during the COVID-19 pandemic provides one recent example: While the number of donors decreased, the average donation amount increased by more than 200 percent.<sup>4</sup> When a small group of wealthy people increasingly decide which causes, organiza-



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tions, and people deserve financial support, philanthropy reinforces plutocracy rather than social innovation that serves the public interest.

Changes to business and government policies could help reverse decades of concentrated wealth accumulation, as well as contribute to social innovation. Until that happens, there are ways that philanthropists can wield their power responsibly. For example, in our report “Choosing Change,” we discuss how three factors in particular—inclusivity, durability of power, and systems change—help donors recognize opportunities for addressing structural inequality.<sup>5</sup> Many of the nonprofits highlighted in our annual high-impact giving tool kit are effective and cost-effective precisely because they incorporate the priorities and experiences of the communities affected.<sup>6</sup>

GreenLight Fund, on whose board I serve, decides which causes to support through a community-driven process in each of the 12 cities in which it operates. As a result of that process, funded nonprofits’ work and impact endures in those cities, long after GreenLight’s grant money is spent down. One of the reasons guaranteed income has emerged as such an effective tool is that it allows the person experiencing the precarious economic situation—not the donor—to decide the best use of money. In other words, it places decision-making power into the hands of the people most directly affected by that decision.

Around the world, the challenges society faces are numerous and varied. It will require the involvement of all three sectors—government, business, and philanthropy—to address these challenges. Of those three sectors, philanthropy has the fewest financial resources. But it can also act free of the profit requirements of business and the political demands of government.

That freedom is an advantage for social innovation. When we rethink who we consider a philanthropist, who receives philanthropic support, and who has the power to decide where philanthropic resources flow, we unlock philanthropy’s potential to use that advantage to create lasting, positive social change. ●

## Notes

- 1 Kathleen Noonan & Katherina Rosqueta, “‘I’m not Rockefeller’—33 High Net Worth Philanthropists Discuss Their Approach to Giving,” The Center for High Impact Philanthropy, University of Pennsylvania, September 2008.
- 2 Fishbach, Ayelet Fishbach, *Get it Done: Surprising Lessons from the Science of Motivation*, Hachette Book Group, 2022.
- 3 *Giving USA: The Annual Report on Philanthropy*, The Giving Institute, 2022.
- 4 Ram Cnaan, Femida Handy, Tiana Marrese, Daniel Choi & Anna Ferris, “Generosity Trends and Impacts: Before and During the COVID-19 Pandemic in the USA,” School of Social Policy and Practice, University of Pennsylvania, August 2022.
- 5 Conor Carroll, Hanh La, Melissa Ortiz, Katherina Rosqueta & Emily Seeburger, “Choosing Change: How to Assess Grant Proposals for Their Potential to Address Structural Inequality,” The Center for High Impact Philanthropy, University of Pennsylvania, 2022.
- 6 “2023 High Impact Giving Toolkit,” The Center for High Impact Philanthropy, 2023.

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# SEIZE THE FUTURE BY HARNESSING THE POWER OF DATA

BY KRISS DEIGLMEIER

**A**s the founding executive director of the Center for Social Innovation, which launched *Stanford Social Innovation Review*, it is hard to believe we are at its 20th anniversary. It’s even harder to believe how much the world has changed since my first day on the job.

A key driver of that change has been the speed of technological advances and the exponential growth of data. Whether you call this the Fourth Industrial Revolution or the Data Age, the foundation of how we work and live as individuals, communities, countries, and globally has forever changed.

In recent years, I’ve been thinking about how the Data Age has affected the world we envisioned when we started the center. The early vision of the center was to create “a cross-sector community actively building a more just, sustainable, and prosperous world.”<sup>1</sup> It remains a worthwhile vision today. The question we need to ask ourselves as social entrepreneurs, activists, philanthropists, nonprofit providers, and government administrators is: If we are indeed living in the Data Age, are we building the kind of organizations and systems that will ensure that the future will be just, sustainable, and prosperous for all?

There is no doubt that everyone’s intent is to ensure that the answer to that question is a resounding “yes.” However, the reality is that we are not keeping up with the changes that the Data Age is having on society and social change organizations. To truly create the world we envision, the structure and norms of the social impact system need to change fundamentally.

The social impact sector is falling short in its ability to harness the power of the Data Age because it focuses on the past rather than on the future. If we don’t make an intentional shift to be more future focused, the next 20 years will push the sector, and those it serves, even further behind. It behooves all of us to remember Alicia Eggert’s powerful artwork that captures our lived reality: “This present moment used to be the unimaginable future.”



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## THE DATA DIVIDE

Data is a form of power. And the sad reality is that power is being held increasingly by the commercial sector and not by organizations seeking to create a more just, sustainable, and prosperous world. A year into my tenure as the chief global impact officer at Splunk, I became consumed with the new era driven by data. Specifically, I was con-