

## The Myth of Community Foundation Neutrality and the Case for Social Justice

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### Introduction

One of the most remarkable developments of the late 20th century has been the growth and widespread acceptance of community foundations across international borders. Citizens around the world have found themselves drawn to the concept of an institution that engages all segments of the community—rich and poor—as well as all sectors of the economy—government, business, and nongovernmental, for the common good. What has made this proliferation of community foundations so amazing is that the model has proven to be exceptionally adaptable to different cultures with their unique social and political histories and charitable traditions.

Community foundations appear to have the consistency of water and conform to the shape of the vessel into which they are poured. In particular, the variations of the community foundation that have been created around the world do not necessarily see viewing asset growth from the wealthy as its sole reason for existence or as the singular measure of success. On the contrary, these institutions have embraced the concepts of civil society, the common good, community building, and creating space as central tenets of their work. The term “community foundation” is used here to refer to the wide range of civil society organizations that convene citizens and raise

financial resources to address communitywide problems. What explains the ongoing popularity of these institutions? Do community foundations embody a core set of common values on which they act to transform their communities, and if so, what are they? Or is the popularity of community foundations due to their perceived potential as transactional institutions—charitable banks—that only value efficiency and cost effectiveness?

This chapter makes the case that a significant reason for the success of community foundations is their perceived transformative role, regardless of whether the community foundation sees its mission as a transformative organization. Moreover, it suggests that, over time, community foundations or similar entities will be inexorably drawn to engage in transformative rather than transactional activities, and if they do not, they will cease to be viable institutions within the communities that they serve.

There are several significant limitations to this essay. The most significant limitation is that it is not written by an unbiased observer. On the contrary, far from unbiased, it is written by an established advocate for the central role of community foundations to engage in transformative community work. Rather than using the existence of this bias as a reason to dismiss the arguments made herein, it should be used to create reasoned dialogue among those who question this role in favor of the idea that community foundations should be either neutral or transactional. Second, this essay is not based on a vigorous scholarly approach, but rather it was gleaned from anecdotes and conversations spanning nearly two decades with colleagues worldwide. While such observations do not prove facts, they do represent more than uninformed guesses.

Finally, notwithstanding significant international interactions, the views expressed were shaped by a decidedly American context, which creates problems of interpretation, meaning, and importance when viewed from other national or cultural perspectives. As such, this work is not presented as the thoughts of a dispassionate observer with no interest in the outcome of the discussion. Quite the contrary, it is a reasoned treatise that offers a singular view towards explaining the worldwide acceptance of community foundations.

This article is divided into four sections. The first section provides a theoretical framework for understanding the space that is provided by community foundations to citizens within a democratic society. The second section examines the myth that community foundations are somehow neutral

in addressing the problems and opportunities that are present within their communities. The third section provides a framework for determining whether a community foundation's grantmaking and convening work indicate whether or not it believes that economic outcomes within the society are distributed fairly. The last section makes the case that social justice is not optional for community foundations that operate within inequitable societies. It maintains that their courage and stamina in this area will be rewarded with increased financial support and an improved community.

### **Social Change within a Market-Driven Economy**

Community foundations and like institutions exist in democratic (or quasi-democratic), market-driven societies. In such societies, there is a yin-yang relationship between the business, nongovernmental, and governmental sectors as to how the common good is identified and acted upon. Business contributes to the common good in a variety of ways. Successful businesses enable their employees to enjoy a high standard of living and, in turn, these individuals are able to provide for their families. Institutions also pay taxes, as do their employees, that are used by national, state, and local governments to provide services. Finally, businesses allocate a portion of their profits to support corporate responsibility and corporate giving programs aimed at improving the community and to strengthen the business climate and enhance the corporation's brand image. While these efforts certainly improve the community, they are not likely to address the most challenging community needs as articulated by the broader community.

Elected governments are certainly responsible for identifying the common good and raising revenue to address those issues through taxes. Unfortunately, the governments of many nation-states have lost the confidence of the people who elected them. Examples abound throughout the Americas and Europe where large segments of people no longer believe that their elected government is dedicated to or fully controlled by its people. Policies are developed that further the interests of the few at the expense of the majority. In particular, newer democracies have yet to gain the necessary trust of their citizens and, more distressing, have lost the trust of their citizens due to the repression of basic rights and freedoms, e.g., the Republic of Russia. Even where governments work as envisioned on behalf of the people, they often are perceived to be bureaucratic and slow to respond to the changing needs of people, e.g., the United States and the older democracies of Europe. In such countries, it can take years for new laws or regulations to be enacted to address systemic problems, if at all.

The failure of the U.S. government to respond to Hurricane Katrina in 2005 and the continuing failure to rebuild after the disaster has similarly eroded public confidence (Carson 2005b).

Nongovernmental organizations occupy a unique space within democratic societies. Individuals participate through their volunteer participation and charitable donations to improve some aspect of the common good that is consistent with the time and financial commitment of interested individuals. Within the nongovernmental space, community foundations assert that they convene interested individuals and institutions, as well as aggregate funds for the purpose of strengthening community consistent with furthering the common good. Such institutions have the advantage of being able to act quickly in convening the relevant community actors, testing possible solutions, and advocating for the widespread adoption of successful strategies. Unfortunately, community foundations often assert that their neutrality prevents them from bringing a point of view to their work.

### The Myth of Community Foundation Neutrality

Community foundations are one of the few institutions that can work across governmental, business, and the nonprofit/nongovernmental sectors. They provide the space for citizens to engage in civil society and help to build social capital. They harness individuals within defined geographical communities to identify common challenges and bring together their collective individual and financial resources to support solutions that they believe to be in the common interest. It has been to the detriment of the global advancement of the community foundation movement that U.S. community foundations widely promoted the false but still popular idea that they are neutral institutions.

While the origins of this belief of neutrality are unknown, the reasons for it are not. The myth of neutrality allows community foundations to abdicate their responsibility to use their power to help create better outcomes in their communities. These powers include, but are not limited to, convening, public voice, and grantmaking. By claiming neutrality, community foundations avoid responsibility in two ways. First, the community foundation bears no responsibility for unpopular outcomes within its community. In fact, the neutrality that is claimed insulates and actually prevents the community foundation from taking action no matter how egregious the issue under discussion. Second, neutrality allows community foundations to avoid becoming the targets of powerful interests who could,

quite easily, do them considerable harm. Positions on public policy that would bring the community foundation into conflict with government entities that could legislate them out of existence (or, in some countries, imprison their leadership for challenging the established government) can easily be avoided.

The reality of such risks in some countries should not be minimized or trivialized. They are legitimate concerns for community foundations operating in newly formed democracies where even open convening on sensitive topics can have severe consequences.

The claim of community foundation neutrality has the added benefit that it is useful in helping to raise money from the wealthy and elite within a society. Rather than asking such individuals to align themselves with an organization that might question the legitimacy and fairness of the socioeconomic system to which these same individuals owe their success, a vow of neutrality allows the community foundation to cater to this segment without raising their fears.

The myth of neutrality by community foundations is easily dismissed, notwithstanding the fervor with which many community foundations cling to their belief in their own neutrality. There are at least three reasons why the idea of being a neutral convener does not withstand even casual scrutiny. First, a close examination of what groups are invited to participate in such meetings is likely to show the claim of neutrality for what it is—a myth. Are groups really invited to participate in anti-racism discussions that espouse racial hatred? Are businesses that exploit child labor welcomed to share their point of view at meetings on child exploitation? First, community foundations seldom invite every view to be represented when convening on an issue, especially those that represent unpopular social positions. It really does not matter why these individuals or groups are not invited. The observation that some groups are not invited indicates that the community foundation is not neutral as to who can or should participate.

Second, any communitywide topic that the community foundation chooses to focus on invalidates its claim of neutrality. The reality is that every community foundation, regardless of asset size, is constrained by time and financial resources. As a result, it must choose how to use its resources among competing priorities. Neutrality would suggest equally dividing all of the resources against the long list of priorities, or alternatively, putting all the competing ideas in a jar and deciding where to put the focus based on which

priority is pulled from the jar first. Any other scheme to determine priorities suggests that the community foundation developed priorities based on the knowledge, experience, and values of its board, staff, or community group, and is therefore not neutral.

Third, where possible, many community foundations work to develop a communitywide initiative that they believe will improve or better the community. Those fortunate enough to have an unrestricted endowment develop programs to which qualifying nongovernmental organizations can apply for grants. In either case, whether the community foundation has developed a community initiative or it has a grantmaking program, there are explicit values embedded in how they perceive the issue and how they believe success can be achieved. Every grant and every initiative of the community foundation carries with it a value judgment and a fundamental theory of change about the underlying cause of a problem and its solution.

The realization that community foundations are not neutral should not result in any feelings of angst. No other institution is neutral in its organizational aims and community foundations should be no different. The fact that community foundations are not neutral to the existence of poverty, inequity, poor health, inadequate housing, environmental contamination, and the multitude of other issues is a good thing. It explains why the idea of an organization that is dedicated to improving the community (not a neutral idea) for the common good resonates with people of various cultures and backgrounds. However, showing that community foundations are not neutral is necessary but not sufficient in making the case as to why they should engage in social justice (Carson 2005a).

Even when a community foundation is established with the belief that it should be neutral or agnostic to community issues, this essay posits that this is a temporary state of existence that cannot be sustained. Over time, a position of neutrality will inevitably lead the community foundation to move toward either stagnation or transformation. The inherent promise of a community foundation is that it provides space and a place for all segments of society. At a minimum, this requires the community foundation's board and staff leadership to live up to its responsibility to allow all voices to be valued and respected. Such an egalitarian approach may seem like a simple, easily achievable objective. However, for people of power and privilege who are accustomed to their voice being the only and certainly pervading one, such a simple task can become exceptionally challenging.

To fulfill the vision and mission of the community foundation ultimately requires that the community foundation develop and espouse a point of view about what would be beneficial for the entire community. Such an action requires that the community foundation express a value judgment and act in ways that are consistent with that value judgment. Moreover, for community foundations to not move in this direction will invariably delegitimize the community foundation as an institution that creates the space for the common good. And, by definition, the common good cannot be defined by the interests of the few. This is true whether the few represents the wealthy and elite of a community or the poor and disadvantaged.

The difficulty for the community foundation is to bring these two diverse groups together—along with others in addition to government and business—to improve the common good and strengthen civil society. It is for this reason that the community foundation concept has proven to be so compelling and is why, over time, failure to live up to this promise will lead to a community foundation's stagnation and irrelevance. Such stagnation should not be interpreted to mean that the community foundation cannot continue to exist as a functioning charitable bank serving the needs of the elite, or as a moral force of relatively poor people with few financial assets who have virtually no influence within other segments or sectors of the community. In either of these scenarios, the community foundation will become irrelevant to achieving the vision and mission of fostering change through championing the common good—the primary motivation that initially captured the community's imagination.

### Defining Social Justice

It is virtually impossible to have a candid discussion about social justice without asking difficult questions about what are the underlying determinants within a society that lead some people to achieve economic success and others to experience economic hardship. Social justice is concerned with whether within a democratic society the opportunities for success or failure are randomly distributed or systemic and predictable. To the extent that individual economic outcomes are based on hard work or luck, this is consistent with the highest aspirations of a democratic society with a free-market economic system. In other words, everyone has a chance at fulfilling their full potential based on their individual talent and hard work. However, if individual economic outcomes have less to do with individual merit and good luck, but rather the individual's immutable characteristics—

such as race, ethnicity, gender, or socioeconomic class status—then we can say economic outcomes are distributed inequitably. In short, social justice is concerned with how economic success is determined.

It is worth digressing to explain the use of the words “social justice.” Certainly, for a movement that some would prefer to be neutral, the phrase social justice is far less palatable than social change, systems changes, advocacy, or public policy reform. While these other phrases might be more acceptable, they obscure the objective in favor of acceptability. As stated by Community Foundations of Canada:

In short, a social justice framework necessarily involves attention to issues of what, how, and who. The principle of fair and full distribution of benefits and opportunities requires grantmakers to take into account the nature of what they are achieving through their actions.... Could such activities be described just as well using different language? After exploring a number of terms including social capital, social cohesion, social inclusion, social change and social economy... none is a direct substitute for social justice. In conclusion, we are reminded that concepts such as social justice acquire legitimacy and value with use by respected institutions (Community Foundations of Canada 2003: 2).

If indeed a society unfairly determines who has a high quality of life and who does not, that is a matter of justice. The word justice makes us uncomfortable because it is uncompromising in asserting that something is unfair, identifying what it is, i.e., who is to blame, and fixing it. Those are high standards for any institution that uses the language of social justice and signals that it is claiming a moral high ground that leaves little room for doubt about their objectives.

While using such language may carry real personal and institutional risks within some democratic societies, the boards and staff of community foundations should not shy away from the actions and behavior of social justice even when those words weren't previously used. Moreover, this should not be used as an excuse by the vast majority of community foundations that do not operate at personal risk who shy away from using such language because their desire to avoid conflict is greater than their desire to make the community a better place.

SOCIAL JUSTICE CONTINUUM	
Fair/Equitable Society	Unfair/Inequitable Society
Educational Achievement/Skills	Lack of Educational Opportunity
Hard Work/Merit	Personal Characteristics
Good Luck	Parentage/Generational Wealth
Random	Predictable

Within every democratic society, foundations, nongovernmental organizations, and governments must make a determination about the fairness of the underlying social structure and then guided by this assessment engage in efforts to improve the socioeconomic status of those who are least fortunate. Unfortunately, such institutions seldom explicitly state their beliefs about the fairness or unfairness of the underlying social system. As discussed earlier, many community foundations in particular have allowed themselves to fall under the seductive spell of believing that their role is to serve as neutral conveners. Through this mythology, they have convinced themselves that they can befriend everyone without offending anyone. In effect, they suggest that they play the important and impotent role of setting the table for all to come and openly and freely discuss their ideas, while they listen and push for common ground. This view lies at the heart of the reasoning of those who believe that community foundations should be neutral conveners for transactional activities rather than transformative catalysts for social change.

Fortunately, there is a way we can determine how an institution views whether or not a society is fairly distributing success. Examining the solutions that are pursued by an institution gives a strong indication of how it views the problem to be solved. To the extent that the community foundation sees the problem of social inequity as the result of bad luck or lack of hard work, it will support the provision of direct services such as food, housing, and education. The support of these efforts reinforces the institution's belief that the underlying system for determining who is successful is fundamentally fair and equitable. Those who find themselves at the bottom of the economic ladder should blame bad luck, or lack of effort or ability. There is no need to change or alter the status quo because of a belief that the economic outcomes are based on individual merit or good luck. On the other hand, community foundations that determine that economic success is not correlated with hard

work but rather personal characteristics and family background, they will be more likely to support efforts that attempt to change the underlying system so that opportunity is more equitably allocated.

Unfortunately, despite the rhetoric, there are few, if any, democratic societies that can legitimately claim that economic success is randomly distributed. The challenge for community foundations is to determine where along the spectrum of charity and systems change they should focus. To the extent that a society largely allocates opportunity fairly, interested institutions such as community foundations are likely to focus on providing direct services to assist those who have few skills or have had bad luck. Similarly, if the view is that society inequitably allocates opportunity, then the appropriate strategy is to focus on changing the underlying system that produces the inequitable outcomes.

Understandably, community foundations can work on both ends of the spectrum simultaneously. As shown in the diagram below, they may reasonably conclude that they must give a person a fish while they simultaneously teach people how to fish and prepare for when they can support efforts to have people sell the fish. Moreover, community foundations that have a heavy reliance on individual donor funds may find it easier and less controversial to gain the support of these donors in direct services rather than those aimed at systems change. Conversely, community foundations with unrestricted assets may find it somewhat easier to engage in social justice activities without damaging repercussions.

CONTINUUM OF CHARITY TO PHILANTHROPY	
Direct Service	Systems Change
* Basic Necessities	* Advocacy
* Individual Training/Education	* Policy Reform
	* Public Education to Change Behavior
	* Community Organizing

To the extent that a community foundation believes that the underlying social structure is fundamentally fair, it will focus more on direct services. There is no need to change or alter the status quo because of a belief that the economic outcomes are based on individual merit or good luck. For community foundations, this is the reality of both/and rather than either/or. In no case does this analysis allow for the community foundation to position itself as neutral in addressing the community's challenges.

**Conclusion**

Community foundations are uniquely positioned at the crossroads of their communities to be champions for the common good. To successfully fulfill this role, it is vital that they actively seek to involve all segments and sectors of the community. When this is done with a goal of improving some aspect of the quality of life in the community, it will require that the community foundation develop a point of view, which may mean that it has to take uncomfortable positions that will put it at odds with others. Such is the price and the responsibility of leadership and the broader promise of the community foundation ideal.

The idea that the community foundation can somehow be a neutral leader is a contradiction in terms. Leadership requires identifying and articulating difficult issues in ways that allow others to bring their talents to the cause at hand. Moreover, there is ample anecdotal evidence that when community foundations take on such issues they establish their moral authority as well as find that people of means are willing to support their efforts. Such leadership is never easy and those who are looking for an easier path should perhaps seek other work. Community foundations must work at both charity and philanthropy, and direct service and social justice. Community foundations must walk the tightrope of being both/and not either/or. As part of this responsibility, community foundations must not shy away from engaging in the difficult work of social justice and, by doing so, achieving the larger promise of community foundations.

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# Promoting the Culture of Giving: The Experience of Italy

Bernardino Casadei

*Pure selfishness is impossible, because it would mean disaggregating one's self.*  
—Augusto Del Noce

## A Difficult Exercise

Defining the mission of a community foundation is a complicated exercise. Improving the quality of life in one's community is a concept that may look vague to most people, especially if compared to the aims of the many social service organizations that focus on specific and well-defined social needs. It is important for a donor to learn how a gift to a community foundation will be used in support of projects that the donor may not be aware of, that were selected by a board that he or she doesn't know. In order to succeed in stimulating such a deed of trust, the institution's identity and form must reflect the ability to respond to the deepest and truest needs of the community.

Forging this identity may be made even more complicated in order to avoid creating an institution that, while being meant to serve the whole community, is indeed an instrument of a given group or class of individuals, surely enlightened and motivated by the noblest feelings, but somehow believing they can enforce their vision of what the common good should be. The essential task is not to create a foundation *for* the community, but rather a foundation *of* the community.

NONPROFIT MANAGEMENT GUIDES



Transatlantic Community Foundation Network

# LOCAL MISSION— GLOBAL VISION

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