

# **China-US Media and Philanthropy Leaders Workshop**

**Oct. 9-12, 2011**

**East-West Center, Honolulu, Hawaii**

## **SUMMARY**

Thirteen delegates representing China's leading foundations, philanthropists and media outlets participated in a three-day workshop at the East-West Center on Oct. 9-11, 2011. Led by Dr. Wang Zhenyao, Director of the One Foundation Philanthropy Research Institute at Beijing Normal University, participants of the China-US Media and Philanthropy Leaders Workshop built on the success of the China-US Strategic Philanthropy Workshop (CUSP) held at the East-West Center from Aug. 14-18, 2011, through dialogue with leaders in Hawaii's government, communications, media and philanthropic institutions.

Participants explored how media can shape public perceptions of philanthropy, and exchanged ideas about the role of media in the nonprofit sector to critically examine and report on issues and also promote information about charitable causes. Chinese and US participants enjoyed learning about support organizations, and expressed the hope for future exchanges at the East-West Center and further opportunities to cooperate with each other.

### **Key findings from the workshop**

**1. China is entering a new phase of development focused on social change. While the culture of philanthropy is prevalent in the US, the trend in philanthropy is recent but growing rapidly in China. Chinese foundation leaders recognize the need for stronger partnerships with government and media to promote a culture of giving and explored the role of US media and support organizations in strengthening the nonprofit sector.**

A culture of philanthropy is emerging in China. Within China's most recent 60-year cycle, the first 30 years from the founding of the CCP in 1949 to 1979 centered on government and politics. Following China's open door policy in 1979, the subsequent 30 years focused on a period of commercial growth and the rise of capitalism. As China enters a new 60-year cycle, leaders from China's top philanthropic institutions believe the next 30 years will focus on social change. It is imperative that people understand the importance of public input and how they can help solve China's social problems. To achieve meaningful progress, China's government, media and philanthropic sectors will all play important roles.

**2. Government can play an important role not only as a regulatory body but as a strategic partner that supports charitable work.**

US federal and state governments support a culture of giving in the US in several ways. Government serves an important function as a monitor of spending improprieties at charitable organizations, and provides physical, social and/or economic assistance for those who need it most. The government also supports the philanthropic sector by providing donor tax credits for charitable gifts – a topic that was of particular interest to Chinese participants. Some US media

panelists questioned the propriety of tax credits that have the unintended benefit of allowing wealthy individuals to donate money in pursuit of a cause in their own interests while avoiding paying taxes to a government they may disagree with. US participants were surprised to learn that a similar type of tax incentive is available in China, although its components are not widely known and seldom used. Chinese participants shared an experiment undertaken in Beijing to showcase the level of understanding within the tax bureau itself of incentives that exist for Chinese donors.

Government can also play a greater role in the sector as a partner to charitable organizations. It is recognized at the highest level of Hawaii state government, for example, that public-private partnerships are important because they provide a level of benefit that could not be supported by government alone. Nonprofit organizations are better suited than government to offer assistance that is narrow in scope and targeted for greatest impact. State government support of NPOs can take innovative forms as well, for example by positioning NPO coordinators who are funded solely by the philanthropic sector in state offices.

**3. Media plays a significant role as a watch dog on spending. Fair and accurate reporting on financial abuse is essential, and journalists can and should continue to foster positive changes in attitudes about giving through the power of the media.**

US media was identified as playing a dual role as both a supporting partner of charities and as a neutral entity that maintains independence to report on tough issues as they arise. The top stories reported on in the US include NPO salaries, efficacy of programs and the impact on people. The IRS (Internal Revenue Service) requirement that NPOs report on executives' salaries and how foundation money is spent is perceived as positive because of its potential to keep NPOs honest about their finances. Panelists worry that too many NPOs dedicate a disproportionately large portion of their budgets to support fundraising efforts, and are concerned that too much money is spent to raise money. By monitoring NPO spending, panelists agree that US media serves an important watch dog function to ensure NPOs manage their resources appropriately on behalf of their stakeholders. They feel that journalists can play an even greater role in the sector as a partner to NPOs by providing data about issues and tracking the progress of services aimed at alleviating the causes of problems.

**4. The prominent role of traditional media is changing with new technology. Every organization now has the ability to be its own communicator and should use technology to its advantage. In China, however, the complex relationship between Chinese government, media and charitable organizations is a symptom of larger social issues.**

The media landscape has changed significantly in a way that allows charitable organizations to speak directly to stakeholders and share their own messages with the community. With new technology like Twitter, Facebook, Youtube, etc., NPOs have the potential to shape their own messages and communicate information to the public. However, participants identified the use of new technology as a lingering challenge for NPOs. Even if an NPO has the tools to communicate its own message, for example, it may not have the audience that mainstream media draws. Moreover, NPOs gain creditability from third party discussion of the issues they face.

In China, foundation leaders explained that the growing popularity of micro-blogging has created a new form of reporting by ordinary people. Micro-blogging enables this group to share their opinions, often critical, of the government and of the affluent on a platform that is designed for wide viewership. Due to the sheer number of micro-bloggers in China, this group has the potential to influence the media and even guide what is reported on. For that reason, media in China can be particularly critical of philanthropists, giving too much negative attention to how donors make the money they give or how much they intend to donate.

Chinese participants were troubled by the trend in Chinese media to take on the role of monitor of *donor* activities and cautioned for the need to protect donors from such high levels of public scrutiny. It was noted that this unhealthy philanthropic environment draws unnecessary attention to philanthropists, giving the media the right to criticize the very people who have the means to make a difference, thereby causing further damage to the philanthropic sector. US media panelists felt that foundation and media leaders could reshape the message to communicate not the amount of money the donor gives or how they made it, but why it is important for that particular person to donate to a particular cause and the expected outcomes.

**5. Participants met with Hawaii foundation leaders to explore innovative operating models for philanthropy. Aloha United Way President Kim Gennaula shared the importance of building partnerships with local companies, while Hawaii Community Foundation President and CEO Kelvin Taketa and Vice President of Programs Christine Van Bergeijk discussed HCF's operating model and new trends at the 95-year old community foundation.**

Chinese participants were interested in United Way's operating model and learned about Aloha United Way's (AUW) local corporate and community fundraising campaigns. AUW, for example, works closely with companies to generate fun and innovative corporate fundraising ideas, and can also work with companies to hold fundraising rallies in the work place. These annual fundraising campaigns not only support AUW but also build corporate morale through the shared effort of raising money for the common good. Regular donations can also be made to AUW through automatic and scheduled employee payroll deductions. Pledge forms allow donors to designate an AUW-selected charity or cause of their choice as the recipient of their donation, or AUW volunteer Impact Councils can help direct funds to areas that have the most need or where funding can have the greatest impact. If a charity is designated as a recipient of funding, the charity is required to file paperwork to receive the donation. Donations to areas of need require program recipients to file progress reports that demonstrate how their benchmarks are being met.

Participants were interested in learning from Hawaii Community Foundation President and CEO Kelvin Taketa and Vice President of Programs Christine Van Bergeijk, who discussed the community foundation model as one of the oldest foundation operating models still in use in the US today. Established in 1916, Hawaii Community Foundation is a public foundation that serves the broad interests of the state under the guidance of a board comprised of community leaders. HCF often partners with private donors and foundations interested in establishing funds managed by HCF to administer grants. The donors benefit from HCF's experience with planned

giving and grant administration. Participants were interested to learn that as a community foundation HCF is exempt from the requirement that 5% of funds in a private foundation must be distributed annually – an exception often used by private foundations to give them time to decide how their money will be distributed and where.

Christine Van Bergeijk also shared two recent and innovative funds they have established at HCF to improve organizational effectiveness and support innovation in Hawaii NPOs. Under the Organizational Effectiveness Program, HCF offers a series of grants to strengthen NPO management and leadership. These grants are designed to enhance leadership development and strategic planning, financial management, evaluation of the impact that grants have on beneficiaries, and to support the use of technology in media communications, among other areas. HCF's second new fund, the six-year US\$6 million Island Innovation Fund supported by eBay founder Pierre Omidyar and his wife Pam, will provide seed funding for qualifying organizations to jump-start innovative projects. The approach to this new fund is innovative in the non-profit sector because it is the first time applicants are asked to submit concepts that will be available for public comment. Selected organizations are asked to submit proposals and finalists then present their ideas to their peers online. Although this type of transparency is common in the private sector, HCF sees this as a new trend toward transparent and open decision-making in the non-profit sector that encourages community participation in the grant-making process.

As a result of the very important dialogue between HCF and AUW leaders, Chinese participants invited leaders of both organizations to make presentations in China and discussed the possibility of doing that in conjunction with the EWC Alumni Conference in Beijing on September 1-3, 2012 and the CUSP Workshop II which may be held in Beijing on August 30-31, 2012.

**6. Foundation leaders were eager to learn about training opportunities in the US. They were also interested to discover that compensation structures at US NPOs vary broadly by industry, and that private sector salaries typically match NPO salaries in entry level positions. US participants shared that in general, the greater the complexity of work at the executive level, the higher the salary.**

Competition for talent is fierce and the general consensus is that NPO executives should be compensated fairly and according to the level of complexity of the work involved. However, it is widely recognized that the pay scale at NPOs is so noncompetitive that high quality leaders are often lost to higher paying jobs over time. The high turn-over in NPO management is an issue that can open the door for help from foundations. Participants learned of programs in Hawaii that target and train up and coming CEOs of NPOs in the areas of leadership and organizational capacity building. Chinese participants were hopeful that such programs could be opened to Chinese NPO leadership as well.

Compensation structures in US NPOs vary broadly, with healthcare and education executives earning higher salaries than executives in other NPO industries because of the size and relative complexity of work involved in administration of hospitals and universities. However, government officials and NPO executives typically earn less than their counterparts in the private sector. Surprisingly, entry-level positions are compensated fairly evenly across the spectrum.

## **7. Important interpersonal relationships were forged between Chinese and Hawaii philanthropists and foundation leaders.**

Chinese and Hawaii philanthropists found common ground on the desire to leave a lasting legacy and to preserve cultural wealth for the sake of the community. Foundation and philanthropic leaders in China extended invitations to US counterparts to continue exchanges with China and to develop cooperative efforts on projects with common goals.

### **Conclusion**

Philanthropy in China is growing rapidly as the wealth-disparity gap increases. Foundation, media, government and philanthropic leaders need to cooperate to raise social awareness and gather support for charitable work in order to effectively address China's mounting social needs.

Leaders at the fore of Chinese thought in this area reinforced the outcomes of CUSP and renewed the call for partnerships and exchanges between Chinese and US foundations via the East-West Center.