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# Start-Up of a Giving Circle: A Case Study

Deborah Z. Strotz

Sarah M. Bigelow

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**Start-Up of a Giving Circle: A Case Study**

**Deborah Z. Strotz**

**Sarah M. Bigelow**

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**Kennesaw State University**

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# **Start-Up of a Giving Circle: A Case Study**

## **Executive Summary**

Giving circles are a new form of philanthropy expanding across the United States. Diverse groups of individuals pool their funds and other resources to donate to individuals and organizations in need of assistance. They provide an avenue to increase civic engagement and participation in community. The purpose of this practicum is to conduct a case study evaluating the start-up process of a small group giving circle. Observations and analyses are based on four group meetings and individual telephone interviews.

The development steps established in the literature effectively guided the start-up of this new giving circle. The group processes demonstrated democratic principles, including participatory action and collective decision-making; 100 percent of the interviewees stated that the giving circle made collective decisions. Members were motivated to join this eleemosynary group by their desire to reach out beyond single-minded giving and connect with others and the community. The decision about to whom to give money was driven by the degree of need established by the individual and/or organization, as indicated by 80 percent of the interview respondents. Members established a group identity and mission in the early meetings, capturing collective passion and guiding the giving focus. The name “Bridging the Gap Giving Circle” was generated.

Observations and findings from the case study suggest that giving circles provide an avenue to build both bonding and bridging social capital. All respondents viewed this group as a safe and trusting environment where social bonds could quickly materialize. Eighty percent of the respondents expressed that they bonded with other group members. Increased relationships with the community were identified as outcomes of the giving circle efforts; 100 percent of the

respondents described the giving circle experience as an opportunity to build community relationships.

Importantly, this case study has resulted in the emergence of a sustainable community-minded organization that seeks to serve the local area. Ninety percent of the members plan to continue this group; new participants have already requested to join.

# Start-up of a Giving Circle: A Case Study

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# **Start-Up of a Giving Circle: A Case Study**

## **Introduction**

People everywhere sit at home writing \$25 checks to a mixed bag of charities. Not sure why they are donating, and feeling removed from the recipient organizations, these donors feel isolated in their giving efforts. Often times they question if their mere \$25 check is really making a difference for anyone. Today a new form of philanthropy, known as a giving circle, is motivating individuals into collective action. Giving circles attract many new people to the philanthropic arena. They appeal to individuals who may never have considered themselves philanthropists in a traditional sense. They appeal to people who are concerned about their communities, and want to make a difference with charitable dollars. Giving circles are diverse and open to people from all socioeconomic backgrounds. There are circles for people who can only donate a few dollars a year and circles for people who want to donate thousands each year. Giving circles represent a democratic approach to philanthropy by providing the opportunity for social equity (anyone can start and/or join a giving circle) which offers a safe and trusting environment. Giving circles provide their members with a connectedness to community more than other forms of traditional philanthropy. They are typically started by one, or a few, founding members who are passionate about addressing community needs and bringing about social change via collective action (Bearman, Beaudoin-Schwartz and Rutnik, 2005; Eikenberry, 2005; Eikenberry, 2007; Forum of Regional Associations of Grantmakers, 2007).

The purpose of this practicum study is to conduct a case study evaluating the start-up process of a giving circle. This included four initial meetings focusing on setting the group's goals and name, establishing the mission and financial commitment, determining funding

management, and developing funding process criteria. Qualitative research was conducted through researcher observations during actual meetings and through one-on-one interviews with group members. Group members were asked to provide written feedback at the close of each meeting. This written presentation of the case study includes: a comprehensive review of the literature on giving circles, case study methodology, research outcomes and findings, and conclusions.

### **Literature Review**

Due to the newness of giving circles as recognized philanthropic organizations, research was not conducted before 2000. Research seeks to better understand the nature and characteristics of giving circles, structure and functionality, comparison to traditional philanthropy, relationships to host organizations, and impacts on philanthropy. Additionally, well-known research on social capital, completed by Robert Putnam (2000), has contributed to the understanding of social bonding in giving circles. The lay press often discusses giving circles by helping to educate and increase public awareness. The press peaks individual interest in participation and encourages nonprofit organizations to be open to this new funding stream.

### **Methodology**

To date, most research has been qualitative and focuses on giving circles that have been in existence for several years. Researchers include descriptions of needed steps to start a giving circle, but lack data on members' knowledge and opinions during this key phase of organizational development. Researchers used in-depth interviews and surveys with giving circle members as well as with host organizations (Bearman, et al., 2005; Eikenberry, 2005;

Eikenberry, 2007; Forum of Regional Associations of Grantmakers, 2007). Additionally, meta-analyses have been completed on social capital (Putnam, 2000). Analyses were conducted using the Social Capital Community Benchmark Survey (Brown and Ferris, 2007). Earlier Forum studies utilized a base of approximately 200 giving circles which was expanded in later studies to over 400 giving circles (Forum of Regional Associations of Grantmakers, 2007). The Forum identified giving circles using various Internet searches. The later study included data from 160 respondents out of the 400 giving circles contacted. Rutnik sampled 61 giving circles; Bearman (2007) received responses from 39 host organizations and contacted 171. The Forum contacted 400 giving circles and received responses from 160, while Eikenberry interviewed 30 giving circle leaders/members. Eikenberry's (2007) research updated the 2005 database; this new database provided data for 1,333 grants given by 116 giving circles (Eikenberry, 2007, 4). She utilized MAX QDA qualitative data analysis software to analyze completed conversational interviews, based on a sample size of 30, in her 2007 study.

### Historical Perspective

Giving circles emerged in the early 1990s through tech entrepreneurs' desire to establish a new approach to charitable giving. This new form of philanthropy reflects an increase in new donors, increased net worth, and a growing desire to give back to community through collective action (Bearman et al., 2005). Circles provided a funding stream that served to fill gaps left by government spending reductions. Giving circles have greatly expanded in numbers and donations since 2000.

In reality, giving circles are not entirely a new phenomenon. This new approach is based on principles dating back hundreds of years to voluntary, fraternal or mutual aid societies

(Bearman et al., 2005). “Giving circles follow an age-old formula with roots in ancient and worldwide traditions of mutual aid and collective social action” (Forum of Regional Associations of Grantmakers, 2007). Giving circles bring us back to our democratic foundation and our desire for civic engagement. Alexis de Tocqueville (1835), in *Democracy in America*, described personal freedom, and the inherent moral character of Americans, as the basis for great voluntary action. This voluntary action directed the formation of a plethora of associations. Tocqueville emphasized that Americans, no matter what age or class they represented, wanted to form associations (Hammack, 1998). “There is no end which the human will despairs of attaining through the combined power of individuals united into a society” (Hammack 1998, 143). This illustrates the growing passion and nature of collective voice which, with the power of freedom to assemble, can bring about equality and social change. Eikenberry (2007) emphasizes Tocqueville’s position that voluntary associations should play a central role in democratic governance. Nonprofits and voluntary organizations have great value in democratic societies as they produce significant outcomes and allow for individual expression. Frumkin (2002) notes that these organizations have powerful instrumental value as illustrated by their achievements in meeting societal identified needs.

The First Amendment sets the stage for the mobilization of individual passion and values into associations and collective action. It created the arena for Americans to seek to fill, through private organizations, some of the void left by the more limited government. The First Amendment guarantees freedom of religion, speech, the right to assembly, press and petition. These rights are essential to the formation of associations providing the foundation for the development of an array of nonprofit and voluntary organizations in the 20<sup>th</sup> Century (Frumkin, 2002). Nonprofits and voluntary organizations give individuals the opportunity to pursue the

common good; organizational identity and strong missions are vital to the cause. As will be elaborated upon in the case study analysis, these tasks of establishing the circle's identity and mission are critical upfront foci for the start-up process.

The vast urbanization and industrialization of the late 19<sup>th</sup> and early 20<sup>th</sup> centuries created poverty and human suffering that required attention. These problems were left to the local government and private charitable groups; women were the dominating force behind such caring groups. Women guided the formation of associations and were able to express their vision for a better society through philanthropy (Hammack, 1998; Hardy and Taylor, 1995). Despite a lack of control over property and business, women gathered together to respond to the needs of the community. In the 19<sup>th</sup> Century, these associations were mostly tied to religious institutions. These groups emphasized the provision of care to those individuals and families who were in need of assistance (Hammack, 1998, 225). These organizations served as the backdrop to social services in America, as women were meeting the pressing needs and concerns of those in need. This provided a historical foundation for the giving circles of the 20<sup>th</sup> and 21<sup>st</sup> centuries where members focus on community needs and the desire to provide solutions through collective action.

Hardy and Taylor (1995) emphasize that women philanthropists focused more on local issues and local community needs. They include discussion of many influential female philanthropists; following is a mention of a few such women. In the 19<sup>th</sup> Century, Anna Richardson Harkness donated \$40 million of her own money to various areas of need in her community, including education, health, science and the arts. Also, the \$50 million left to her by her husband were donated to various local nonprofits upon her death (Hardy and Taylor, 1995). Isabella Martha Graham, also 19<sup>th</sup> Century, helped to organize the Society for the Relief of Poor

Widows with Small Children in New York City; relief was provided to over 200 women and 500 children by 1816. Jane Addams received the Nobel Peace Prize in 1931 for her phenomenal work in setting up Hull House which served poor women and immigrants. Margaret Olivia Slocum Sage is one of the most famous female philanthropists. She established a foundation, with \$10 million, with the mission of addressing local social problems (Hardy and Taylor 1995, 35). By the time of her death in 1918, Sage had given away \$80 million “in fulfillment of her philosophy that women were responsible for the moral progress of civilization” (Hardy and Taylor 1995, 35).

With the stage set for women and philanthropy, the Washington Women’s Foundation (WWF), one of the first giving circles, was founded in 1995 by Colleen Willoughby. Willoughby is often thought of as the energizing force to giving circles (Bearman et al., 2005). Another significant giving circle founder is Paul Brainerd who founded the Social Venture Partners (SVP) in 1997. Brainerd (2005) wanted a different twist to giving circles; he wanted to incorporate the venture capital model as the foundation of this philanthropic organization (Bearman et al., 2005; Eikenberry, 2005; 2007; Forum of Regional Associations of Grantmakers, 2007).

### Characteristics of a Giving Circle

Giving circles are viewed as a highly participative form of philanthropy. They are sometimes described as social investment clubs. Giving circles are described in the literature as exemplifying core American values of democracy and equality (Eikenberry, 2005; Rutnik and Bearman, 2005). Caster (2008), in her case study of the Everychild Foundation Giving Circle, concluded that the success of the circle was in part due to the democratic voting system, the lack

of an institutional hierarchy, and the sense of equitable ownership that each woman felt from her group participation. Giving circles pool funds and are often hosted by a charitable organization, such as a community foundation or non-profit organization. Circles are organized usually around a particular issue or area of interest. They are considered a high engagement form of philanthropy because participants/donors engage in collective decision-making and educational activities (Bearman et al., 2005). They may be small with only 10 to 15 members, or larger.

Recent data indicate that there are more than 400 giving circles in the United States representing 44 states and Washington, D.C. This represents nearly 12,000 members, a number that is steadily increasing (Forum of Regional Associations of Grantmakers, 2007, 1-2). The Forum study (2007) indicates not only a growth in the number of members, but also an increase in the number of donated dollars. In an earlier Forum study, it was reported that 77 circles had raised more than \$44 million and engaged more than 5,700 donors over their lifespan. However, in the later study, the Forum reported that the 160 responding circles raised more than \$88 million for community needs; granted nearly \$65 million; and engaged more than 11,700 donors in total, demonstrating that giving circles truly do engage donors. Of significance, the Forum reported that in 2006 alone, giving circles granted more than \$13 million to address needs in the community (Forum of Regional Associations of Grantmakers, 2007, 2). Research data suggest that giving circles build community and increase civic engagement. Researchers propose that giving circle members are passionately engaged, but data is lacking to support these statements (Bearman et al., 2005; Rutnik et al., 20003; Eikenberry, 2005; 2007; Forum of Regional Associations of Grantmakers, 2007; Rutnik and Bearman, 2005; Shaw-Hardy, 2000). A thorough social capital study or analysis would provide insight into the suggestions of community connectedness.

Three primary types of giving circles are described in the literature. These include small groups, loose networks, and formal organization giving circles (Bearman, 2007, Bearman et al., 2005; Eikenberry, 2005; Eikenberry, 2006; Eikenberry, 2007; Forum of Regional Associations of Grantmakers, 2007; Kennedy, 2002; Shaw-Hardy, 2000). Eikenberry's research suggests that 22 percent of giving circles are small group, 26 percent are loose network, 46 percent are formal, and the remainder is unidentified (Eikenberry, 2005, 6-8). Importantly, these numbers may have been skewed due to the ease of reaching and obtaining responses from formal giving circles. Because formal giving circles include paid professional support staff, it was easier to target the surveys and obtain responses. Further research is needed to better define the prevalence of small, loose network, and formal giving circles. All data presented by the various researchers on the description of the three main types of giving circles are consistent; no differences exist in the literature.

Small group giving circles usually include 30 or fewer members. A minimum individual contribution amount is not always mandated, and may vary anywhere from \$50 to \$5,000 per year. There is a flat hierarchical organizational structure; leadership is shared and no formal boards or committees are present. The structure and operation of a small group giving circle is non-bureaucratic in nature. Consensus decision-making is most common in small group giving circles, providing pronounced internal democratic processes. Small group giving circles are comprised of volunteer staff. The foci of small group giving circles are usually social and educational. "The social aspect is emphasized through informal group interaction and discussions" (Eikenberry, 2007, 2). Shared Giving in Durham, North Carolina is a good example of a small group giving circle. According to Eikenberry (2005), this group had 16 members; each member gave \$500 annually to participate in the circle. Study respondents from this giving

circle indicated that social interactions and discussions within the group were the most important part of the giving circle process (Eikenberry, 2005, 13; 2007).

Loose networks are the second type of giving circle, characterized by a fluctuation in the number of members. A core group of members do the majority of organizing, planning, and decision-making. No support staff exists in loose networks; work is completed by volunteers. Although all giving circles are characterized as flexible, flexibility is particularly emphasized in loose networks since members tend to go in and out of the circle. The major foci of loose networks are social and fundraising. In most loose networks, there is no established minimum participation fee; the amount is usually left up to individual participants. Loose networks center activities around events, e.g. potluck dinners. Like small group giving circles, loose networks are also non-bureaucratic in nature, although some committee structure does exist.

Womanade is the most common example of a loose network giving circle. It was started in Washington, D.C. by Dr. Amy Kossoff and several friends. The mission was to raise money to provide financial assistance to many of Dr. Kossoff's patients, e.g. medication assistance, utility bills, and clothing. Dr. Kossoff's giving circle started with a potluck dinner where each person gave a minimum of \$35; the first potluck dinner was in March of 2001. There are now over 25 Womanade groups in the United States (Eikenberry, 2007, 866).

Although most giving circles have a local focus, another loose network, Dining for Women addresses international needs. Using the event approach to raise money, each local chapter provides money to the national Dining for Women office where funds are given monthly to a preselected international charity. The Dining for Women mission is to alleviate extreme poverty for women throughout the world.

Formal structure giving circles are the third type. Formal circles appear most like traditional organizations with a designated hierarchical structure, including a board of directors, established committees, and professional support staff. Participatory members form the foundation of the giving circle. Membership tends to be quite large with an average of over 80 members per group (Eikenberry, 2005). Cost of participation for formal giving circles is higher than that of small circles and loose networks, with a modal amount of \$5,000 to \$5,500 per member (Eikenberry, 2006, 522). Major foci for formal giving circles are education, engagement, and opportunities for volunteering. Formal circles appear to be less democratic internally due to the more bureaucratic structure. However, formal circles have a more equitable outreach into community as a result of the larger resource pool (Eikenberry, 2007).

The previously mentioned Social Venture Partners Giving Circle, started in Seattle in 1997, is an excellent example of a formal giving circle. This is a highly structured organization including both volunteer and paid staff. Their focus is to educate members about philanthropy and community issues and to create long term, engaged relationships with funding recipients (Eikenberry, 2007, Gary and Kohner, 2002).

Eikenberry (2005) describes six major characteristics of giving circles. These defined characteristics are cited in all future research and discussions of giving circles (Bearman et al., 2005; Beaudoin-Schwartz and Rutnik, 2003; Eikenberry, 2005; 2006; 2007; Forum of Regional Associations of Grantmakers, 2007; Rutnik and Bearman, 2005). The first characteristic of giving circles is that donors pool funds/resources to support organizations of mutual interest. Donations reported vary anywhere from \$25 in loose networks to \$5,000 or more in small and formal groups. As observed in Eikenberry's 2005 study, 40 percent of the responding circles did not require a minimum donation amount. However, no matter what the amount is, all giving

circles place their funds together, increasing the impact of individual members' donations. Circle members decide together how or where resources should be utilized; this establishes a democratic philosophy for the decision-making process (Eikenberry, 2007).

The second characteristic is that all giving circles give away resources, which include not only money but time, talent, and in-kind gifts from participating members. The third characteristic of giving circles is that they all seek to educate their members about philanthropy and community issues and needs. Giving circle mission statements often include the goal to educate their members. In the case of formal giving circles, highly structured learning opportunities are incorporated into the giving circle agenda. The fourth characteristic is that giving circles emphasize a strong social dimension; when people come together they interact with each other and form social bonds. A great deal of bonding and bridging social capital is built into circles. Fifth, giving circles also engage members to not only volunteer in the giving circle, but also to increase volunteerism with outside non-profit organizations. The last characteristic discussed in the literature is the independent nature of giving circles. Circles are not typically tied to a specific charity, as compared to donor circles which are based on tiered levels of giving and are directly tied to one organization. Although many giving circles have host organizations, they remain independent in structure and operation from their host.

The combination of the above noted giving circle characteristics sets them apart from other more conventional philanthropic efforts or organizations. "This combination of leveraged financial and social capital, collaboration, human resources, and spirit define giving circles and make them a uniquely satisfying giving vehicle for women" (Bearman et al., 2005, 120). This description provides a useful framework for evaluating the start-up giving circle case study; however, the evaluation is not limited to women only.

All giving circles face similar challenges. For example, most need to find ways to maintain and increase membership. This will ensure sustainability and continued ability to give grants and provide in-kind support. Although most circles are flat in hierarchical structure, some type of leadership energy is needed and must be transitioned over time. Attention should be paid to funding and hosting priorities; some level of strategic planning is important for growth and development (Forum of Regional Associations of Grantmakers, 2007). “Although the idea of pooling resources, brainpower and connections seems simple, actually making a giving circle come alive takes energy, dedication and considerable hard work” (Forum of Regional Associations of Grantmakers, 2007, 22). Research describes the need for a good infrastructure while maintaining an informal environment of trust and safety. The need to provide measurable outcomes is noted in the research; however, this topic has not yet been expanded in the giving circle arena. A need exists to determine appropriate measurable outcomes to be used when assessing the success of giving circles. Circles report the amount of money and the number of grants given, but little is known about the effectiveness of their philanthropic efforts.

### Profile of a Typical Giving Circle Member

Giving circle members are diverse in gender, race, age, profession, and economic status (Eikenberry, 2005; Eikenberry, 2006; Eikenberry, 2007; Forum of Regional Associations of Grantmakers, 2007). However, individual groups appear more homogeneous in nature; like-minded individuals seem to group together. The Forum research presents the most recent summary of demographic data for participants. Key findings include: over 80 percent of participants are female, male participants are increasing in number (based on the comparison of 2005 and 2007 data), eight percent of participants are African-American, three percent are Asian,

and two percent are Latino. Moreover, participants vary in age; circles are multigenerational. However, the majority of participants (59 percent) in the study were between ages 40-65; 28 percent were between the ages of 25-40; 11 percent were over the age of 65; two percent were between 18-25 years of age; less than one percent was under the age of 18. The Forum data indicate that participants represent varying wealth levels, impacting the amount one is able to give. Interestingly, Eikenberry (2005, 9) cites that 65 percent of those responding held a professional position.

People join giving circles for a plethora of reasons; however, the motivation to make a difference in their community is the most frequently mentioned reason. According to the most recent Forum study, 96 percent of respondents noted that their driving force to join a giving circle was their interest in helping the community (Forum of Regional Associations of Grantmakers, 2007, 9). Other common reasons noted were: desire to be more actively involved in the giving process, learning about philanthropy/nonprofits, connecting to community, being social for a purpose, providing hands-on experience, and just having fun (Bearman et al., 2005; Eikenberry, 2005; 2006; 2007; Forum of Regional Associations of Grantmakers, 2007, Gary and Kohner, 2002; Rutnik and Bearman, 2005). Several researchers noted that giving circles provide a time efficient way to socially connect while simultaneously giving back to community.

To build upon reasons for joining are the reasons for giving. Shaw-Hardy and Taylor (2000) established a foundation for giving circle research in their book, *Creating a Women's Giving Circle*. They emphasized several reasons for giving: the need to create, the desire to bring about change, the desire to connect with a cause and/or nonprofit organization, to collaborate with other women, to commit to a cause, and to have fun and celebrate. The case study will

explore participants' reasons for joining the circle and their motivation to give money or resources.

It is suggested in the literature that people choose giving circles versus traditional forms of philanthropy due to the informal, non-bureaucratic structure of most circles. Also, giving circle members prefer this new approach to giving as it allows them to actually see the results of their efforts. When writing a check at home and mailing it to some organization, it is difficult to sense a connection to either the nonprofit organization championing the cause and/or the recipient of the gift. In giving circles, partnerships are formed not only within the group, but also with vital community stakeholders. The value-added benefits of this unique philanthropic relationship bring multidimensionality to eleemosynary culture.

### Funding Recipients

Giving circles need to determine in the beginning of their journey what areas of interest as well as giving are important to the members. Members collectively decide to whom financial grants should be made as well as to where non-monetary resources should be directed. As stated earlier, the size of the financial grant varies considerably; some reported were as low as \$90 while others exceeded \$5,000. The literature supports that most circles focus on small and often local organizations, individuals doing good work, and individuals in need. International organizations are infrequently funded by giving circles as it is very difficult to observe the impacts of financial grants and gifts. The most frequently supported areas by giving circles are women and children, education, and human services/emergency relief (Eikenberry, 2005; Eikenberry, 2007; Forum of Regional Associations of Grantmakers, 2007). Eikenberry notes that recipients vary by the type of giving circle. Formal giving circles tend to donate to formal, larger

organizations. Small group giving circles often fund grassroots organizations and local organizations that are known for addressing community needs. Loose networks are more likely to give to individuals in need. For example, the original Womanade focused entirely on helping Dr. Kossoff's patients with financial needs.

In Eikenberry's (2007) research, differences regarding expectations of the giving circle relationship, among funding recipients, are noted. Some recipients only experienced a one time grant from the circle, with little value-added benefits associated with the gift. These recipients did not report a sense of connectedness to the giving circle. Others stated that they found the relationship with the circle to have greater capacity, with value-added benefits contributing to a sustainable relationship. Most recipients stated a preference for a more involved relationship, emphasizing open communication, transparency, and attentiveness to each other's needs. Recipients commented that often times the giving circle is too donor-driven and misses the needs of the organization (Eikenberry, 2007, 15).

Giving circles typically seek out the recipients as compared to the formal grantseeking approach where organizations seek out the grantmakers. The Forum's 2007 study reports that two-thirds of responding giving circles identified recipients through word of mouth and from member suggestions. Forty-five percent of respondents stated that they utilize formal proposals which they send to eligible organizations and/or post on their web sites. With this unique approach to actively seeking out the recipient, an important suggestion for nonprofit organizations is that they should make themselves visible to giving circles. Moreover, if properly educated about giving circles and their presence in the community, organizations and individuals in need do have the ability to actually contact giving circles via personal contact and/or the Internet.

## Host Organizations

The majority of giving circles (68 percent) have a relationship with a host organization; 52 percent of the hosts are community foundations (Bearman, 2007; Forum of Regional Associations of Grantmakers, 2007). The remaining hosts are mostly nonprofit organizations who are interested in connecting to their community. The relationship between a giving circle and its host is business-like in nature. Giving circles seek hosts for various reasons. Host organizations can accept and disburse funds for a giving circle, but most hosts exceed this fiscal responsibility. They also provide legal oversight, marketing direction and execution, education, member recruitment and database management, work space availability, and general administrative/support activities (Forum of Regional Associations of Grantmakers, 2008). Importantly, most host organizations have 501(c) (3) status and can accept tax deductible donations for the giving circle. Many hosts charge an administrative fee to the giving circle ranging from a one to two percent of assets fee to a flat fee per circle member. The Forum of Regional Associations of Grantmakers make available a handbook for giving circle hosts that includes useful tools on how to establish and best maintain an effective hosting relationship.

Organizations are motivated to host giving circles in order to enhance community visibility, expand the scope and diversity of donors, build a grantmaking program, and to improve their image in the community. Challenges do exist for host organizations and they include, but are not limited to limitation of available staff time, excess costs, communication difficulties, mission conflict, and the challenge of getting circle volunteers to share the workload with the host staff (Bearman, 2007; Bearman, 2008).

Giving circles need to collectively determine their need and desire for a host organization. This decision is not permanent as a circle can decide at any time to enter or leave a host

relationship. There are different levels of intensity in the giving circle-host relationship and these levels depend on such factors as staff hours required, host services provided, giving circle origination, and circle structure as well as management (Bearman, 2007).

### Social Capital

American society has traditionally been enriched with a strong sense of community. The power of “we” has driven us to become a successful nation, both socially and economically. Democracy has centered, not only on individual freedom, but also on respect for the common good. Our nation was driven by internal motivation to bond with others in serving the public good. A sense of intimacy and trust filled our lives. However, this collective picture, as seen in the first two-thirds of the 20<sup>th</sup> Century, changed in the 30 years that followed. What has resulted is a nation driven more by self indulgence than by the collective voice. However, in the last ten years, a shift in the decline of social capital in America has been observed; giving circles may be a contributing factor in this turn around.

Robert Putnam (2000) in his book, *Bowling Alone: The Collapse and Revival of the American Community*, elaborates the nature and decline of social capital in America. He explores this through meta-analysis using three primary data sources: DDB Life Style Data, state level data with the Comprehensive Social Capital Index, and the Roper Social and Political Trends data. Putnam states that, “social capital refers to the connections among individuals-social networks and the norms of reciprocity and trustworthiness that arise from them” (Putnam, 2000, 19). It is important to note that social capital differs from human and physical capital, which refers to individual properties and physical objects, respectively (Putnam, 2000). Social capital, based on the values of civic virtues and trust, provides fuel for collective action. These

values are needed at both micro and macro levels if society is to reap benefits from the inherent social connectedness. Social capital is valuable to society in that the social networks provide a pool of support and energy needed to solve common problems. Putnam emphasizes that social capital is needed to maintain democracy. The impact of social capital is felt by both the individual and the public; “social capital has both an individual and collective aspect— a private face and a public face” (Putnam, 2000, 20).

Common to the literature is the discussion of giving circles providing a trusting and safe environment in which discussions leading to consensus based decision-making can occur. All nonprofit organizations, to some extent, operate on the assumption that building trust in community leads to an increase in social capital. Social capital encompasses features of social organizations, such as networks, norms, and trust, which facilitate coordination and cooperation for mutual benefit (Frumkin, 2002, 40). Brown and Ferris (2007) provide an interesting analysis of the impact of social capital on individual giving and volunteering in which they conclude that network based social capital has an important impact on charitable giving.

Giving circles support Putnam’s (2000) discussion of generalized reciprocity, a norm associated with social capital where one desires to do good for others without expecting something immediately in return. The two different concepts of social capital, bonding (exclusive) and bridging (inclusive), discussed by Putnam are relevant to giving circles. Bonding social capital is important for psychological and social well-being; bridging social capital is beneficial in providing linkage to nonprofits and other community resources. The bonding amongst members of giving circles excludes those outside the circle. However, circles serve as a bridging mechanism between the individuals and organizations in their communities. “Bonding social capital constitutes a kind of sociological super glue, whereas bridging social

capital provides a sociological WD-40” (Putnam, 2000, 23). A great deal of networking and connecting takes place within the giving circle; in fact, the level of socialization can take over the philanthropic aspect of the group (Eikenberry, 2005). The importance of developing strong social bonds for productivity and morale, amongst a team such as a giving circle, is discussed by Carlson and Clarke (2000). These strong social bonds will enable individuals to recognize that they have a voice in the circle, a voice that contributes to collective decision-making. Strong social bonds will encourage members to share creative, new ideas without feeling at risk of judgment.

Social networks, the essence of social capital, are of significant value to the well-being of both individuals and society (Putnam, 2000, 19). The collective voice of a giving circle is a good example of social capital at work; isolative relationships with your own checkbook hardly comprise an effective social network. Bonding social capital is the strength that binds families, neighbors, friends, and colleagues; it is the glue that can hold us together. Bridging social capital enables us to assess resources and power that might otherwise be unavailable to us. A successful democratic society will support connections between like and unlike people and groups.

Giving circles merge the more traditional connectedness experienced in the first two-thirds of the 20<sup>th</sup> Century with contemporary needs of today. They allow individuals to again engage and contribute to the common good of the community. Moreover, they have the potential to help close the generational gap experienced in civic participation. Individuals in the past 30 years have become more disconnected from their community; however, giving circles provide an avenue to rebuild this connectedness through collective decision-making and education. “The power of the collective, the connectedness of the circle, the new relationships that participation

brings, and the opportunities for skill building and education resonate with potential members” (Bearman et al. 2005, 116).

### Steps to Starting a Giving Circle

Common in the literature are the Forum of Regional Associations of Grantmakers’ steps to starting a giving circle. These steps are widely publicized in the hope of guiding individuals, with a passion for change, to form new giving circles. With the growth of giving circles and the expansion of participants and donations, a revitalization of the benefits of social capital can be witnessed in America. These steps will be further elaborated in the case study discussion as they were used to guide the group’s formation and beginning activities. The 10 basic steps to starting a giving circle are:

- Setting goals and structure,
- Establishing mission and commitment,
- Deciding where to place your collective dollars,
- Establishing an issue or focus area,
- Creating smaller work groups,
- Developing process and criteria for funding,
- Defining partnership with recipient of grant award,
- Reviewing potential recipients,
- Making grant awards, and
- Evaluating your giving circle.

The current literature, as reviewed here, is very informative and descriptive of giving circles. It provides a framework for understanding the relevance of giving circles in today’s

society. Research is very limited due to the newness of this form of eleemosynary activity and focuses on giving circles that have been in existence for several rounds of grant giving. A closer look at the issues encountered in the beginning phase of a giving circle might provide useful insight into how best to proceed and succeed in the mission. When addressing obstacles and challenges early on in the development stage, possible later stumbling blocks may be avoided.

Based on the literature review, the following case study of the birth of a giving circle explores membership attraction, group dynamics, democratic governance, collective voice and/or decision-making, building social capital, and perceived benefits of the giving circle.

### **Methodology**

This case study uses a qualitative research design which includes four giving circle meetings, followed by one-on-one telephone interviews with participants who attended at least three of the four meetings. The meetings occurred between August 28, 2008 and October 9, 2008 (one August meeting, two September meetings, and one October meeting). The researchers, as founders of this giving circle, provided leadership for the first four meetings. This is consistent with start-up experiences reported in the literature.

#### **Sampling/Participant Recruitment**

A snowball sampling technique was used to identify study participants. This included both personal and email contact as a means to invite participants to the study. A total of 170 individuals were invited to participate in the study. Of these, 140 were invited via email only; 30 were face-to-face personal invites. Of this sample, 12 people became study participants (seven percent of total invites). However, it is important to note that all 12 participants had received

personal face to face invitations to participate in the study. Of the total invites, 12 attended at least two meetings; 10 members attended three or four meetings. Whether a participant was invited by email or via personal contact, they each received a written invitation (Appendix A) to the study. All participants signed study consent forms at the first meeting.

### Data Collection

Researchers collected data on an ongoing basis. This included meeting observations and summaries. Meeting attendance was recorded at each meeting through the use of a sign-in sheet. Researchers met after each meeting to process and record meeting specifics. Members were asked to complete a comment sheet at the close of each meeting; however, they were resistant to completing these forms. Only five comment sheets were collected during the study period. When asked about the resistance, members indicated that they would find it easier to share their thoughts and concerns about the giving circle in the meetings and/or in the planned October telephone interviews.

Telephone interviews were conducted after four giving circle meetings. Anonymity was guaranteed to interview participants, providing an environment where participants could speak openly. Participants selected for the telephone interviews had to have attended a minimum of three meetings; 10 members met this criterion. These included nine females and one male. Researchers completed five interviews each. The survey instrument (Appendix B) included open-ended and close-ended questions and recorded demographic data. Interview length was, on average, 20 minutes. Interview times were scheduled at the most convenient time, as identified by the respondents. Interview responses were recorded in writing. Analyses were hand tabulated by the researchers.

## Study Limitations

This case study focuses on a small group giving circle. The number of study participants is consistent with the expectations of the research. The small sample size was appropriate to study the evolution of a small group giving circle. As a result of this small group, a limited number of telephone interviews could be completed. Therefore, the interview data has limited external validity.

According to research on the giving circle start-up process, small group giving circle meetings are typically held on a monthly basis. Due to the time restrictions of this research, two meetings were held in September of 2008.

## Research Outcomes and Findings

This section presents the study findings and discussion based on observations of the meetings and data obtained in the telephone interviews. Overall findings support previously conducted research.

## Meeting Summaries

### *Meeting One: Setting Goals and Structure*

The first giving circle meeting was held on August 28, 2008 at 7:00 p.m. Duration of the meeting was approximately two hours. Thirteen people were in attendance, including the two researchers. The meeting was held in a local community neighborhood clubhouse, centrally located for accessibility. The researchers set up the room so that all members sat in a circle, providing an informal conversation area. Refreshments were provided for this first meeting by

the researchers. Participants were diverse in age and ethnicity. It should be noted that only one member was male. Most participants work in the social services profession.

Researchers introduced themselves and provided an overview of the MPA Program and the significance of the practicum. The nonprofit management and community services concentration was also highlighted. The researchers led an ice breaker activity so that participants could learn a few things about one another and begin to establish a comfortable, safe environment.

Researchers provided members with a basic overview of giving circles, including a historical perspective and their role in philanthropy. The framework of the practicum was presented; consent letters were reviewed and signed.

Consistent with the literature on steps to take when setting up a new giving circle, significant time was devoted to a discussion of the giving circle potential organizational structure. This discussion was required so that members could make a collective decision on how to design this giving circle. As part of this discussion, researchers presented participants with the option of becoming a chapter of a national giving circle, such as Womanade or Dining for Women. Although participants liked the Dining for Women concept, they were not positive about the international focus. Group participants unanimously decided to form an independent giving circle with a local focus.

As part of the discussion of group goals, participants reviewed options of various resources that could be provided to those in need. These included: money, volunteer time, and miscellaneous in-kind gifts. The group also discussed ways of raising funds beyond giving circle member donations. All participants agreed that this giving circle's contributions would include a combination of money, time, and in-kind gifts. Following this discussion, participants focused on suggestions of people and organizations that they personally felt were in need; however, no final

determination was made about whom this giving circle would help. It was agreed upon that this giving circle would focus, and build its mission, upon helping people who help themselves.

Researchers observed an easily established comfort level between participants; they spoke freely amongst themselves and appeared to quickly bond. Member empathy seemed to be the driving force behind the discussion. All participants shared during this first meeting; no one appeared hesitant to speak. Participants stated that they enjoyed the social atmosphere and quickly decided to have a barbecue theme for the second meeting, all volunteering to bring the necessary food and service items. Researchers observed networking amongst participants after the meeting who shared information about resources within the community, suggesting that the social networking aspects of the giving circle began early on. All participants indicated that they wanted to continue in this project and be considered members of this new giving circle. Members discussed and agreed upon the next meeting date and location; all concurred to meet again on September 11, 2008 at 6:45 p.m. at the same location. The researchers indicated that the next meeting's agenda would include: name generation and discussion of the group's mission. Members were asked to think about potential names to present at the second meeting.

#### *Meeting Two: Establishing the Mission and Commitment*

The second giving circle meeting was held on September 11, 2008 at 6:45 p.m. Twelve people were present, including the researchers. The meeting was held at the same location as the previous meeting and lasted approximately two hours. The meeting was centered on the social event of a barbecue with all participants contributing food items. There was a good social atmosphere. People appeared to enjoy mingling and talking while preparing the food together. In fact, there was so much social conversation occurring that the researchers finally needed to

redirect the discussion to giving circle topics. Early leadership intervention may be necessary to encourage appropriate balance between the social and business aspects of the giving circle meeting.

Meeting discussion centered on elements to be included in the mission statement. Participants agreed to identify values for the group. These included: servitude, helping, loving, equity, integrity, compassion, and social awareness, diversity, making a difference, building social capital, kindred spirits, networking, desire, respect, and local focus. Building on the first meeting, members agreed that they wanted this giving circle's efforts to help those who had already started to help themselves, but needed additional assistance. This discussion led to the idea of "bridging the gap." Members agreed that combining the concept of bridging the gap with some of the above noted values would guide development of the mission statement. However, no one wanted to commit to the final wording of the mission statement at this time. Rather, members unanimously decided to work on the group name first. A discussion ensued regarding possible names that would communicate the group's intent. They identified three final possible names for the giving circle: Point to Point, Bridging the Gap, and Open Windows.

The remainder of the meeting was spent discussing members' resource commitment. This included conversation regarding the balance between giving time and giving money. Several members noted financial stress due to the current economy. However, it was unanimously decided that each member would try to donate some money at every giving circle meeting. The suggestion agreed upon was that members would each try to give \$10 per meeting, to the giving circle fund. Moreover, members discussed the option to do fundraising to supplement their individual donations. Two members offered to have a bake sale at a community yard sale planned for October, with proceeds going to the giving circle fund. All members agreed that

they would like to identify areas of need where their volunteer time and/or individual skills were needed. The suggestion was made to develop a “book of talents” reflecting the various skills and talents of each member. These skills could be used as in-kind gifts to organizations and/or individuals in need. In addition, there was brief preliminary discussion of where the money should be kept.

In discussing mission and commitment, members conversed about possible organizations and/or individuals to whom to provide assistance. Themes included: domestic violence, the elderly, the medically uninsured, and families experiencing financial crisis. All members reiterated that efforts, whether to individuals or organizations, must be local in nature.

Members agreed that the next meeting would be on September 23, 2008 and would be held at one member’s home. Interestingly, members recognized that too much of the meeting time was spent on cooking and chatting. Therefore, it was suggested that everyone bring finger food so that the meeting agenda could commence promptly. Members stated that although they enjoyed the social aspect of cooking together, they expressed the desire to make more productive use of the two hour meeting time.

During this second giving circle meeting, researchers observed increasing comfort level. Members appeared comfortable disagreeing with each other without argument. Researchers observed a strong sense of familiarity, unusual for a group that had only gathered together once before. It was also observed that there was good discussion on issues that needed to be reviewed as well as excellent participation by all group members. Observations suggest that social interactions observed early on may enhance teamwork capacity.

### *Meeting Three: Deciding Where to Place the Collective Dollars*

The third giving circle meeting was held on September 23, 2008 at 7:00 p.m. Eight members, including the researchers were in attendance. Several members encountered last minute conflicts, but called the researchers to inform them of their absence. Per the group's suggestion, the meeting was held at a member's home. The meeting environment was very informal. As decided in the second meeting, each person brought appetizers and desserts. The meeting lasted two hours. A coffee can was left out so that members could, at their leisure, place donations into the can; \$61 was collected during the meeting.

The primary agenda item for this meeting was to decide where to keep the group's funds on a permanent basis. Additional topics discussed were: finalizing the group name, elaboration of the mission, and potential holiday funding activities. In addition, researchers educated members on the concept of social capital and how it related to giving circles. Members were excited about this concept and felt that it was a positive outcome of giving circle activity. The group voted on the three names identified in the second meeting. It was unanimously decided to name the giving circle "Bridging the Gap." Members not present voted prior to the meeting via email.

The group discussed, in further detail, the mission of helping people who help themselves. The group decided that the giving geographic scope would be metropolitan Atlanta. A specific mission statement (Appendix C) would be drafted by group members and finalized by the researchers. At this meeting, members focused on helping individual families identified in need by group members. Concern was raised about maintaining confidentiality; several members voiced uneasiness about boundaries. If someone identifies an individual/family that they know through their work, then there is a risk of HIPPA violations. Moreover, thinning the boundary

between member's work and giving circle efforts may become exclusionary. One member suggested not identifying the individual or family by name, but rather by code.

The group discussed their desire to provide some type of help during the upcoming holidays. Possible efforts might include: giving time at a nursing home, helping a family to buy holiday food and gifts, bringing gifts to either a nursing home or the battered women's shelter. No final decision was made about who to help, but all agreed that the group's first giving efforts would occur in December, simultaneous with the holidays. In fact, the group decided to call this the "December Give."

Researchers observed that for the first time, a few members monopolized the conversation and appeared less willing to compromise when expressing their opinions on how the funds should be used. Several members called the researchers in the week following the meeting to voice this concern. Researchers encouraged these members to raise their concerns at the next meeting. No formal decision was made regarding where the funds should be kept. It should be noted that this meeting did not result in conclusive decisions, possibly due to the monopolization of conversation by a couple members and lack of total group participation. The next meeting was scheduled for October 9, 2008 at the neighborhood clubhouse. Members felt that the appetizer and dessert menu worked well, eliminating meal preparation which deducted time from topic discussion.

#### *Meeting Four: Establishing an Issue or Focus Area*

The fourth meeting was held on October 9, 2008 at 7:00 p.m. It was located at the neighborhood clubhouse. Twelve members, including the researchers, were in attendance; each person brought either an appetizer or a dessert. The primary agenda item was a discussion of the

group's giving focus area. The majority of the group felt that this discussion should focus on only the December Give; discussions of future giving efforts would be tabled for the time being.

The group discussion started with one member bringing up concerns about confidentiality and exclusionary activity. She suggested that to avoid confidentiality issues, the group allow individuals and families to identify themselves to the group by completing an application. This would be in place of a group member anonymously nominating a family or individual with whom they were familiar. Moreover, by allowing the individuals and families to self identify, HIPPA violations would be avoided. All members participated in a discussion of this suggestion and were encouraged by researchers to voice their opinions. The discussion culminated in a group vote in which members agreed to adopt the application suggestion and agreeing that recipients (individuals and organizations) needed to identify themselves to Bridging the Gap.

As part of the discussion on the focus of giving efforts, members conversed about whether to help individuals only, organizations only, or a combination of both. This was put to a group vote. All but one member voted to help both individuals and organizations. That member voted to help individuals only, but was comfortable with the group decision to consider both individuals and organizations. All members present emphasized that recipient needs, whether individual or nonprofit organizations, needed to be consistent with Bridging the Gap's mission.

Group discussion proceeded to the specifics of the December Give. Consistent with the previous vote, all members agreed that applications would be accepted from both organizations and individuals. Due to the limitation of funds raised by December, it was suggested that the circle donate volunteer time only for the December Give. This was discussed and the majority of members stated a strong preference to give both money, even if limited, and time. It was unanimously decided that when donating to an individual, money would not be provided

directly, but rather the need would be paid for by the giving circle. For example, the giving circle would pay a utility bill, prescription costs, and/or buy food. However, if providing assistance to a nonprofit organization, money could be directly provided. The group discussed and agreed that they had a healthy amount of concern that an individual was more likely than an organization to misuse direct financial gifts. In line with issues of money, researchers presented group members with making a decision on where to keep the collective dollars. Members voted on whether to keep the money in the coffee jar, to deposit it into a bank account, or to entrust it to a host organization. Members agreed that the funds should be deposited into a bank account once they reached a significant amount (over \$200). At the close of this meeting, \$130 was in the coffee can.

During this fourth meeting researchers observed active participation by all group members, resulting in collective decision-making. Researchers acknowledged that this fourth meeting completed this portion of the research. Telephone interviews were scheduled for the next week. Significantly, all members expressed the desire to continue this giving circle beyond the research and articulated their aspiration to remain action oriented, setting and achieving realistic goals. It was collectively decided that subsequent meetings would occur once a month and that the location would be moved periodically to accommodate members residing in other areas of the county.

#### *Bake Sale: Fundraiser*

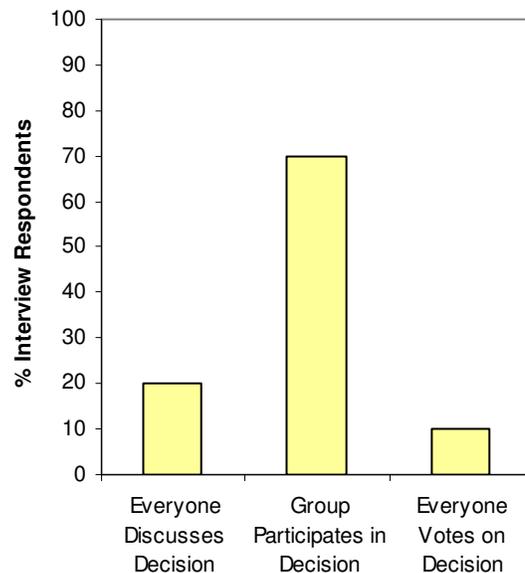
Four members of the giving circle held a bake sale as part of a larger neighborhood garage sale. Two members contributed their time and money in preparing the baked goods. Two additional members assisted them in the sale the following day. The bake sale occurred on

October 11, 2008 and members raised \$162.50 to add to the Bridging the Gap funds. There was favorable response by bake sale customers regarding the giving circle purpose; in fact, several people donated money to the giving circle fund without purchasing any goods. In addition to raising money, the event attracted two new members to the giving circle.

### Characteristics of a Giving Circle

As the literature describes, and supported by this study, giving circles are viewed as a highly participative form of philanthropy which embody American values of democracy and equality, providing a foundation for collective decision-making. As illustrated in Figure 1, 70 percent of the interview respondents defined collective decision-making as when everyone in the group participates in the decision.

**Figure 1: Definition of Collective Decision-Making**



All respondents indicated that this giving circle demonstrated a participatory decision-making approach. One hundred percent of interview respondents indicated that all group members had

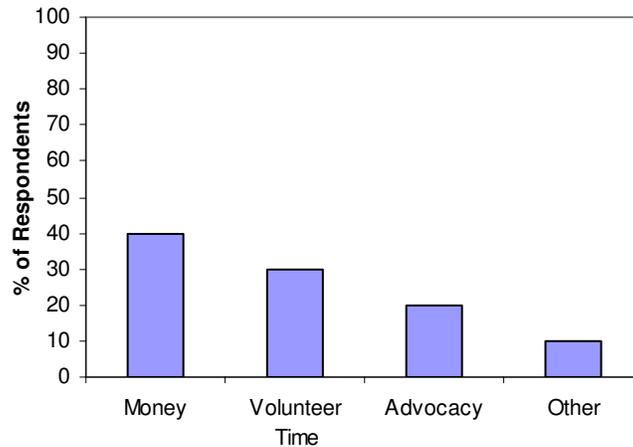
the opportunity to participate in group decisions. Furthermore, 100 percent of the respondents stated that this giving circle made collective decisions.

Researchers made positive observations of the decision-making processes during meetings. This is supported by interview responses; 50 percent of the interview respondents indicated that they observed open participation, and an additional 40 percent of the respondents observed good discussion. Researchers observed early efforts by group members to work together, fostering participation in collective decision-making. Moreover, researchers observed in all meetings, a positive attitude about collective decision-making. The combination of these observations with Caster's (2008) conclusion, that the success of the Everychild Foundation Giving Circle was partially due to the democratic voting system, suggests that giving circles should encourage collective decision-making in order to be successful.

This study's observations and findings appear to fit Eikenberry's (2005) six identified giving circle characteristics. The first characteristic, pooling funds and resources to support organizations of common interest, was discussed in all meetings. At the second meeting, it was decided unanimously that members would give \$10 at each meeting, although any amount would be acceptable. All meetings included group discussion on common interest recipient individuals or organizations. At the fourth meeting, it was decided that each member would suggest possible recipients at the fifth meeting, at which time a vote would be conducted to finalize the recipient(s).

The second giving circle characteristic is to give away resources, including money, volunteer time, and advocacy. Interviewees were asked to identify the most important benefit (resource) giving circles provide to community (see Figure 2).

**Figure 2: Giving Circle Benefits to Community**



Forty percent of the respondents indicated that money was the most important benefit that giving circles gave to community, 30 percent stated that volunteer time was most important. One interviewee stated, “Giving circles are a great way for others to serve their community.”

The third giving circle characteristic identified by Eikenberry (2005) is that circles seek to educate their members about philanthropy as well as about community issues and needs. This is supported by this study, in particular in the four meetings, at which various discussions of philanthropy, community issues, and social capital took place. The need to provide general education about giving circles was evident; 60 percent of interviewees had never heard of giving circles prior to this research. Respondents (40 percent) who indicated in the interviews that they had heard of giving circles stated that they knew very little of this eleemosynary effort, but rather were only familiar with the “giving circle” term. They commented that they did not have enough information to understand the concept. None of the respondents had previously participated in a giving circle, reinforcing the need to educate the public about relevant issues.

The fourth characteristic emphasizes the social aspect of giving circles, emphasizing the capacity to form social bonds. Enhanced social bonds exemplify the ability of the giving circle

to build social capital. Group members were positive about the bonding capabilities of the giving circle. Eighty percent of interview respondents indicated that this giving circle provided an opportunity to bond with others in the group. One member indicated on a comment sheet, “The informal atmosphere made it easier to connect with the group.” An interviewee stated, “I really got a sense of the other members’ personalities and felt that we all developed a sense of rapport with one another.”

The fifth characteristic is that giving circle members increase engagement with community organizations beyond their time spent in giving circle efforts. However, it is premature to observe this characteristic in the start-up process. This study, focusing on the early stages of giving circle development, does not demonstrate long-term outcomes, such as increased volunteerism. The majority of interviewees (70 percent) indicated that their giving habits had not changed as of yet; however, 30 percent of the respondents indicated that their giving habits had begun to change. One respondent stated, “I am more aware that there are many people that are in need; I am giving more of my time.”

The last characteristic concerns the independent nature of giving circles; that is, they are independent in structure and operation from their host. Although education was provided by the researchers about host organizations, the study findings from meeting observations suggest that members were not comfortable finalizing the decision about host organizations during the start-up process. In fact, during the interviews, only one interviewee indicated that the giving circle funds should be managed by a host organization. Researchers observed a group leaning towards independence, especially in money management; 70 percent of the interview respondents indicated that funds should be kept in a giving circle bank account to be managed by group members.

Bridging the Gap Giving Circle collectively determined to structure itself as a small group giving circle. Characteristics of this group are consistent with those identified in the literature for small group giving circles. As discussed in the meeting summaries, the minimum contribution was not mandated, but the suggested amount was consistent with the literature. Additionally, the group determined to maintain a flat hierarchical organizational structure with plans to share the leadership in future meetings. One interview respondent stated, “Set leadership is needed to get things going and set the structure for a while, but it would be neat to have different chair persons.” Consistent with the literature, group members determined that the structure and operation of this group should be non-bureaucratic in nature, but utilize consensus decision-making, demonstrating internal democratic processes. In small group giving circles, no committees or boards are present, allowing consensus decision-making. The combination of a social atmosphere and informal group interaction and discussion, as characterized by Eikenberry in 2007, was clearly observed in all four meetings. Moreover, interview findings suggest the importance of group interaction and dialogue.

As reflected in the mission statement, and discussed often in meetings, the group unanimously decided that the focus of group efforts should be to help those in need who have demonstrated initial efforts to help themselves. Interview data appear to support this, in that 100 percent of the respondents identified helping those in need as one of the top two purposes of the giving circle. The next most frequently noted purpose, mentioned by 60 percent of the respondents, is to connect to the community. Contrary to the literature, where the social aspect is described as a primary purpose of the giving circle, only 20 percent of the respondents indicated the social aspect as one of the top two purposes. Members stated that they enjoyed the social

aspect, and found it to be beneficial in enhancing group dynamics, but did not note the social aspect as a focus of the mission or purpose.

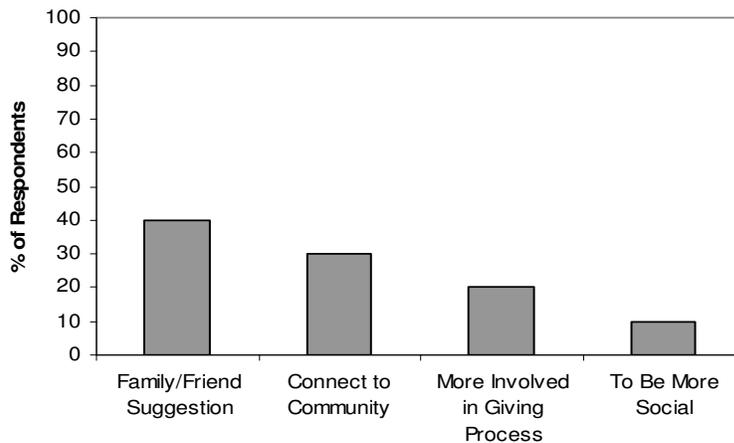
### Profile of a Giving Circle Member

Giving circle literature describes groups as being diverse; there appears to be a group that appeals to everyone. However, when looking at an individual group, it may appear more homogenous in nature. The demographic data for Bridging the Gap Giving Circle are suggestive of these literature findings. The literature indicates that 80 percent of the giving circle participants are female; 90 percent of Bridging the Gap interview respondents are female. The literature states that giving circles are multigenerational. This study supports this demographic description in that the ages of members range from 25 to 68 years. The occupational status of the members in this giving circle was fairly homogenous since 70 percent of the interview respondents work in the social service field, contributing to the like-mindedness of group members. Research conducted by the Forum (2007) suggests that varying wealth levels exist amongst giving circle members. This was observed in this study because 60 percent of the survey respondents identified themselves in the \$20,000 to \$39,999 annual income range; 30 percent in the \$40,000 to \$59,999 range; and 10 percent in the \$60,000 plus range. The 2007 Forum data show that when assessing giving circles overall, eight percent of group participants are African-American; this compares to 30 percent in Bridging the Gap Giving Circle.

According to the 2007 Forum's study, 96 percent of the respondents indicated that their driving force to join a giving circle was their interests in helping the community. Other common reasons noted in the Forum's study included: the desire to be more actively involved in the giving process, learning about philanthropy, connecting to the community, and being social for a

purpose. As seen in Figure 3, the survey respondents identified several reasons why they joined the giving circle. These included: family or friend suggestion, desire to connect to the community, desire to be more involved in the giving process, and desire to be more social. The significant number (40 percent) of the respondents identifying family or friend suggestion as a reason for joining may be due to the nature of the emergence of this giving circle as part of a practicum study. That is, members were invited by the researchers and/or family or friend to join the group (using a snowball sampling technique).

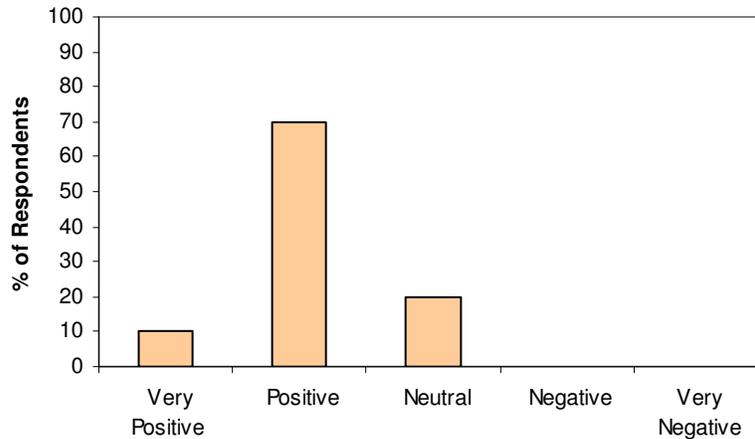
**Figure 3: Why Participants Joined Giving Circle**



Both interview and meeting discussion findings suggest that using word of mouth to attract persons with a passion to connect and assist community will help when creating new giving circles. By understanding the profile of potential giving circle participants, and approaching such persons, existing groups will be able to attract new members and increase the likelihood of sustainability. Bridging the Gap Giving Circle appears to have attracted participants consistent with those active in long running giving circles. The interview respondents viewed this giving circle experience favorably (see Figure 4); 80 percent of the respondents ranked their giving circle experience as either very positive or positive. Ninety

percent of the respondents plan to continue participation beyond the research time frame. One interviewee stated, “I have enjoyed getting to know the other group members and look forward to continuing my membership with Bridging the Gap.”

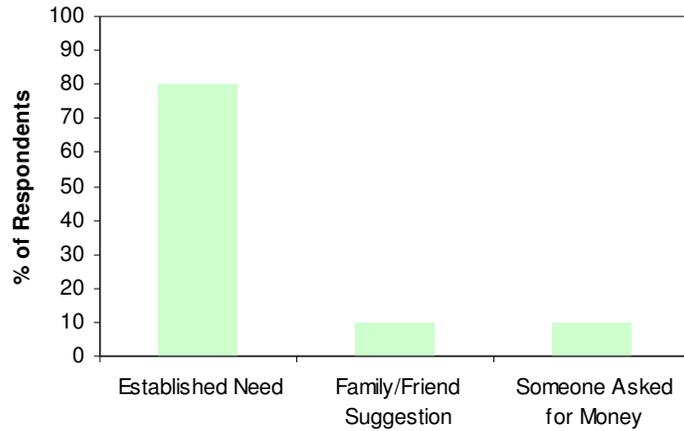
**Figure 4: Participant Ranking of Giving Circle Experience**



### Funding Recipients

The start-up phase of this giving circle included a great deal of discussion about funding recipients. Members discussed and voted upon the decision to fund both individuals and organizations on a local basis. It should be noted that the group was not able to decide on specific recipients in the first four meetings, but plans are to finalize a recipient for the December Give in the fifth meeting (November 11, 2008). Interview data suggest (see Figure 5), as supported by meeting observations, that nearly all members determined to whom to provide assistance based on established need; 80 percent of the respondents stated that established needs determine to whom they give money.

**Figure 5: Factors Determining to Whom to Give**



Types of potential recipients discussed in the meetings were consistent with those identified in the literature. The literature states that most circles focus on small and frequently local organizations and individuals in need. Moreover, the most frequently supported areas by giving circles are: women and children, education, and human services/emergency relief (Eikenberry, 2005, 2007; Forum of Regional Associations of Grantmakers, 2007). Eikenberry notes that small group giving circles often fund grassroots and local organizations that are known for addressing community needs. Consistent with this, Bridging the Gap members identified several potential recipients that meet this criteria, including: battered women’s shelters, senior citizen homes/programs, individuals unable to pay for medications, and programs to empower persons to enter the job market.

Giving circles seek out their recipients as opposed to a formal grant seeking approach where grant recipients seek out the funders. As evidenced in meeting discussions, Bridging the Gap members plan to contact potential recipients themselves. Individuals and organizations in need must be visible in order to be considered for assistance. Plans do include requesting potential recipients to complete a brief application.

## Social Capital

As elaborated in the literature review, giving circles provide the opportunity to build social capital and increase community connectedness. The literature describes giving circles as providing a trusting and safe environment in which discussion leading to consensus based decision-making can occur. The collective voice associated with social capital at work was clearly observed in this case study. One member stated, “I appreciate the collective style in which our giving circle will proceed.” Another stated, “I enjoy this group very much, especially the honesty and dedication of the people trying to help others.” Data obtained in the interviews support the social capital building potential of this giving circle. All the respondents described the environment as safe. Importantly, 100 percent of the respondents stated that their experience, thus far, had given them the opportunity to build community relationships. These data, combined with the previously cited findings concerning the opportunity to bond (80 percent of the respondents stated that this giving circle provided them an opportunity to bond with others in the group), strongly support social capital building capacity.

## Conclusions

The purpose of this practicum has been to conduct a study that evaluates the start-up process of a small group giving circle by gathering limited data on members’ knowledge and opinions of this stage of organizational development. Observations and analyses presented in the study are based on four group meetings and individual telephone interviews.

The Bridging the Gap Giving Circle study's observations and findings parallel giving circle experiences reported in the literature; specifically, the study illustrates the successful formation of a small group giving circle. Key principles illuminated as significant aspects of a giving circle were demonstrated in the start-up phase evaluated for this practicum. These included: democratic governance, equitable group participation, consensus decision-making, flat hierarchical structure, and social capital building capacity. The findings of this study suggest that the development of these key principles early in the formation phase of the group increased the likelihood of group success and sustainability. Therefore, when seeking to create a new small group giving circle, members should focus on establishing an equitable, democratic environment. Collective decision-making, based on participatory discussion, should drive group processes. Early establishment of group identity and mission will bring group passion together and focus the giving efforts.

The study recruitment experience indicates that personal contact is needed to increase membership as well as participation in small group giving circles. Since one is being invited into a group with a foundation of social bonding, the upfront personal interaction appears to be needed to attract participants.

Several implications for public administration can be noted. Giving circles, a new and successful form of philanthropy, deserve attention in the nonprofit fundraising arena. Organizations need to ensure visibility so that giving circles of all sizes and grantmaking potential can identify them as potential recipients. Giving circles provide a viable avenue to increase needed community connectedness and build social capital, both bonding and bridging types. Public administrators seeking to improve community involvement can look to giving circles to help engage citizens in governance. Giving circles bring value to the community

through money, volunteerism, and in-kind gifts. They exemplify a democratic approach to philanthropy providing persons of all race, gender, age, and economic status the opportunity to make a difference in community; isolation diminishes. As stated by John Donne (1572-1631) in *Devotions Upon Emergent Occasions, Meditation XVII*, “No man is an island.”

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## Appendix A

### GIVING CIRCLE INVITATION

We, Deborah Strotz and Sarah Bigelow, are graduate students in the Kennesaw State University Master of Public Administration program. As part of our graduate studies we will be completing a research project. Our project will evaluate the start-up process for a giving circle in Cobb County, Georgia.

A giving circle is a new form of philanthropy which involves individuals working together to serve their community by pooling and applying their funds and services to address needs in the community. Giving circles provide their members with a connectedness to community. Circles demonstrate collective action as members of the group pool their funds and non-monetary resources and determine, as a group, how and where the money should be spent. Giving circles provide the opportunity for individuals to become more involved in community issues, striving to collectively find solutions for everyday problems.

Your participation in this research project is voluntary and will include attendance at one to two group meetings per month through October. Additionally, you will have an opportunity to confidentially express your opinions regarding the process in individual interviews. The research will be completed in November 2008. You will have the opportunity to continue participation in the giving circle after November.

If you are interested in participating in this innovative project, please contact either Sarah Bigelow at [s\\_michela@yahoo.com](mailto:s_michela@yahoo.com) or Deborah Strotz at [dstrotz@hotmail.com](mailto:dstrotz@hotmail.com). Please provide your contact information, including telephone number and email, so that we can contact you with more information regarding the first meeting.

We look forward to hearing from you!

## Appendix B

### Giving Circle Interview Questions

**Date:**

**Start Time of Interview:**

**End Time of Interview:**

**Respondent Name:**

**Phone Number:**

**Interviewer:**

Thank you for agreeing to take part in this giving circle study. We appreciate your willingness to take the time to participate in this one on one interview. This interview should take no more than thirty minutes of your time. A report of our findings will be made available at the end of the study. Your name and/or any identifying personal information will not be used in the report of the study findings. Thank you. Your cooperation and candidness are greatly appreciated.

#### Interview Questions:

1. Prior to joining Bridging the Gap, had you ever heard of giving circles?
  - a. Yes
  - b. No
  
2. Prior to joining this circle, had you previously been a member of a giving circle?
  - a. Yes
  - b. No
  
3. Have you ever been involved in any form of financial giving, whether it was individual or group giving?
  - a. Yes
  - b. No

If Yes, describe this giving.

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4. Of the following reasons, which best describes your motivation to give?
  - a. There is a need
  - b. Desire to have fun
  - c. Family/friend suggestion
  - d. Try something new
  - e. Peer/group pressure
  - f. Desire to connect to a cause
  - g. Obtain tax write-off
  - h. Other

5. Of the following reasons, which best describes how you decide to whom to give money?
  - a. Family/friend suggestion
  - b. Established need
  - c. Somebody asked for the money
  - d. Repeat Give
  - e. Other
  
6. Of the following reasons, which best describes why you were motivated to join this giving circle?
  - a. To make a difference
  - b. To learn about philanthropy
  - c. Family/friend suggestion
  - d. To try something new
  - e. To be more involved in the giving process
  - f. To connect to community
  - g. To be social
  - h. Other
  
7. What best defines collective decision-making?
  - a. Everyone in the group discusses the decision
  - b. Everyone in the group participates in the decision
  - c. Everyone rallies around the leaders' suggestions
  - d. Everyone votes on the decision
  - e. I have no idea
  - f. Other
  
8. Do you feel this giving circle has made collective decisions?
  - a. Yes
  - b. No
  - c. Unsure
  
9. Did all group members have the opportunity to participate in the decision-making process?
  - a. Yes
  - b. No
  - c. Unsure
  
10. Of the following, what describes your own observations of the Bridging the Gap decision-making processes?
  - a. Open participation
  - b. Good discussion
  - c. Some members monopolized the conversation
  - d. Some members did not participate
  - e. Safe environment
  - f. It was fun
  - g. Other

11. Did this giving circle experience provide an opportunity to bond with others in the group?
  - a. Yes
  - b. No
  - c. Unsure
  
12. Would you define the environment of this giving circle as a safe environment?
  - a. Yes
  - b. No
  - c. Unsure
  
13. Do you feel this giving circle experience gives you an opportunity to build relationships with the community?
  - a. Yes
  - b. No
  - c. Unsure
  
14. Of the following reasons, please rank the top two that best describe the main purposes of Bridging the Gap.
  - a. To help those in need
  - b. To provide opportunities to be social
  - c. To provide networking opportunities
  - d. To provide opportunities to connect to community
  - e. To learn more about philanthropy
  - f. To help nonprofits
  - g. Other
  
15. In your opinion, where should the giving circle money be kept?
  - a. In a bank account
  - b. With a host organization
  - c. In the coffee can
  - d. Not collected, but disbursed as individual checks to recipient
  - e. Not Sure
  - f. Other
  
16. What is the most important benefit giving circles give to the community?
  - a. Money
  - b. Volunteer time
  - c. In-kind gifts
  - d. Advocacy
  - e. Education
  - f. Other

17. As a result of your experience in this giving circle, have your giving habits changed?
- a. Yes
  - b. No

If yes, please describe.

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18. What would you change about this giving circle (include structure, operation, etc):

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19. Are you planning to continue participation in this giving circle once the study is completed?

- a. Yes
- b. No

20. How would you rank your giving circle experience thus far?

- a. Very Positive
- b. Positive
- c. Neutral
- d. Somewhat Negative
- e. Negative

21. Do you have any additional comments you would like to provide regarding your experience thus far with Bridging the Gap Giving Circle?

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### Demographic Information

Gender:

Male

Female

Age: \_\_\_\_\_

Years of education: \_\_\_\_\_

Race: \_\_\_\_\_

Individual Income Range:

Under \$20,000

\$20,000 to \$39,999

\$40,000 to \$59,999

\$60,000 to \$80,000

\$80,000 and higher

What is your occupation? \_\_\_\_\_

## **Appendix C**

### **Bridging the Gap Giving Circle Mission Statement**

Bridging the Gap Giving Circle brings together compassionate individuals who collectively provide resources to local individuals and organizations who demonstrate efforts to help themselves.

#### **Core Values**

- Service
- Respect
- Equity
- Diversity
- Community Connectedness