GIVING CIRCLES: BEYOND PHILANTHROPY

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ABSTRACT

Giving Circles: Beyond Philanthropy

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Giving circles pool resources from donors to make a greater impact. Members collectively decide where those resources are best allocated, often in the form of grants to local nonprofit organizations and projects. In addition to making changes in their communities, giving circles motivate people to give more. Although they increasingly include men, most giving circles have a predominantly female membership. Through giving circles, women are empowered to increase their giving and begin to view it as an opportunity for investment.

Giving circles are about more than simply donating to worthy causes. They assist the community beyond a monetary impact by providing volunteer opportunities as members engage with local nonprofit organizations through grant making. There is a common element of providing educational workshops to teach donors about philanthropy and strategic grant-making within these circles, which sometimes motivates members to serve on the board of directors at a nonprofit they learn about and take on volunteer commitments they would not have otherwise considered. Additionally, they provide an outlet for members to develop social connections. The social aspect of giving circles makes them an enjoyable way to engage in community development, and the connections they create can have significant value. Giving circles naturally create bonding social capital amongst members as they discuss community issues and work together to create solutions.

Through the project, I interviewed community foundations in Indiana about the giving circles they host. The purpose of the survey was to provide insight into how giving circles can create bonding and bridging social capital and the effects of that on volunteerism and both formal and informal civic participation. The results found that Indiana’s community foundations are utilizing giving circles as an outlet for increasing charitable giving, but their effects on social capital vary widely.
EXECUTIVE SUMMARY

INTRODUCTION AND LITERATURE REVIEW

Giving circles can be a powerful tool for increasing giving and making philanthropy more accessible to groups such as women and minorities. Members join a giving circle by making a donation of a predetermined amount. These gifts are pooled and the circle collectively decides where their grant can make the most impact. Additionally, there are often educational and volunteer elements to giving circles that extend their impact beyond only increasing giving. Some giving circles choose to establish a formal relationship with a host organization. When this host is a 501(c)(3) nonprofit organization, the giving circle benefits from its tax-deductibility status. One specific type of host, community foundations, can also offer giving circles additional community knowledge and granting expertise.

As members make decisions and problem solve together, they build relationships and create networks based on trust and respect. These networks, called social capital, can improve information sharing and increase community engagement. There are two types of social capital: bonding and bridging. Bonding social capital is created when similar individuals establish relationships and create feelings of reciprocity. The difference between the two types is that bridging social capital is created when different groups are brought together. Although bonding social capital may be easier to create due to the fact that bridging social capital does not always occur without a concerted effort, bridging social capital has the power to be more impactful.

Community foundations may be ideal hosts for giving circles because they have multiple advantages for building social capital, including grant funding that could be used strategically to support social capital building initiatives. However, there is a lack of research about the type of social capital created by giving circles.
METHODOLOGY
The purpose of this survey was to learn how Indiana community foundations are contributing to the expansion of social capital through supporting giving circles. This specific data set was chosen partly due to the many resources supporting community development in Indiana, such as the Lilly Endowment, and relevant research of women in philanthropy through the Women’s Philanthropy Institute at Indiana University-Purdue University Indianapolis. Eleven community foundations participated in telephone interviews explaining how giving circles they support have established guidelines for membership and grant making.

RESULTS
Each giving circle described by community foundations in the study was unique. Some giving circles operated fairly independently from their host organization while other community foundations handled most of the administrative responsibilities of the giving circle. Diversity of membership varied in the groups, and the most urban community foundations reported the highest level of confidence in their giving circles’ ability to create bridging social capital.

CONCLUSION AND RECOMMENDATIONS
Although giving circles hosted by Indiana community foundations are contributing to increases in philanthropic giving, they may not be utilizing their social capital creating capability to its fullest extent. Some have made incorporated practices that attempt to improve accessibility, such as allowing people to split a membership, and this also increases the group’s diversity. Other recommendations for increasing social capital building are to limit the “clique” feeling in giving circles by encouraging people to get to know new members and serve on rotating committees. As the workforce continues to be more mobile, community foundations may depend on giving circles to build networks and create feelings of community if those do not naturally develop.
**INTRODUCTION**

When people work together in their community, they create a network of passionate citizens that positively affect the community beyond a single service project. For example, ten people who get together and build a habitat house spend hours working side-by-side, feeding off the energy that comes with volunteering in a group. As they talk about their careers and other causes about which they feel passionately, they might share a business card and make plans to introduce someone to a new business or community contact. They may hear about a new nonprofit organization that is working on an exciting project, so they go home and write a check that night or sign up for a volunteer shift the next week. These networks, called social capital, may seem intangible, but their effects have real value and impact.

For nonprofit organizations, it is essential to tap into these networks to find new donors, volunteers, and advocates for the cause. Nonprofits are always searching for ways to engage prospective donors. A recent trend towards crowd-funding and social media fundraising allows people to use online networks to inspire change. However, many nonprofits are also developing tangible networks of supportive community members through the creation of giving circles. Giving circles have been called a mixture between a book club and an investment group (Eikenberry, 2007). People join together and each make a donation of a predetermined amount which is then pooled together and given to a nonprofit organization or a cause to make a bigger impact than a member’s single donation could have made. This method appeals to young donors and those who do not have the capacity to make a large gift on their own because it allows them to participate in impactful giving. It also allows nonprofits to engage donors they might not previously have been able to reach. For demographics such as minorities and women, giving circles have become a tool to help them gain a voice in philanthropy (Eikenberry & Bearman, 2009).
One particular type of nonprofit that has benefitted from the creation of giving circles is community foundations. When community foundations host giving circles, the relationship benefits both organizations; community foundations are able to use giving circles to promote philanthropy in the community and giving circles can benefit from a community foundation’s granting knowledge, legal and financial expertise, and 501(c)(3) tax deductibility status. Because community foundations generally already have a pool of resources used to support community initiatives and strong relationships with nonprofits and community volunteers, they are excellent tools for developing the social capital in a community. When they partner with giving circles, the potential for social capital building increases which can increase the effectiveness of current community development projects.

**LITERATURE REVIEW**

**OVERVIEW**

According to Bearman (2007), “A giving circle is formed when individuals come together and pool their dollars, decide together where to give the money (and other resources such as volunteer time), and learn together about their community and philanthropy” (p. 2). A giving circle is composed of a group of people with a connecting thread, such as geography or interest. They may be a similar demographic, such as the Spinsters of San Francisco, who are all young, professional, unmarried women (Spinsters of San Francisco, 2013). About 61% of giving circles have a female majority, but it is increasingly common for them to include men (Bearman, 2007). They can involve members from a variety of generations, while some recruit only young members (Bearman, 2007). Because there are so many different possibilities, no two giving circles look exactly the same.
There are several reasons people join giving circles. Due to the nature of giving circles, where gifts are combined to make a large impact, some people are most attracted to their ability to leverage donations (Eikenberry, 2009). For others, the social element is most appealing. In the article “Women’s Giving Circles: Reflections from the Founders,” many of the members cited the networking and socializing element as a method of recruiting new members (Shaw-Hardy, 2009). Others might be interested in giving circles as an opportunity to get involved in their community (Eikenberry, 2009).

Giving circles have different requirements about minimum donation levels, but usually everyone gives an equal amount (Bearman, 2007). By pooling donations, giving circles create a greater impact than individual giving. In a group of 250, a member’s $100 donation is actually part of a $25,000 transformational grant. Generally, giving circles make granting decisions through a democratic process. They might invite organizations to apply through a formal application process, or they might ask members to nominate and recommend possible recipients. Once the organization and purpose of the grant has been identified, the decision to fund could be made through a consensus, majority vote, or a grant committee (Bearman, 2007).

Although it is possible, giving circles do not always exist independent of any other organizations. Many times they are hosted by a larger, community based nonprofit organization, such as a community foundation. When the host is registered as a 501(c)(3) nonprofit organization, members of the giving circle benefit from their tax-deductibility status (Forum of Regional Associations of Grantmakers, 2008). In some cases, giving circles are started by a single individual with a passion for philanthropy who gathers friends with similar interests and encourages them to each make a small gift to an organization (Forum of Regional Associations of Grantmakers, 2008, p. 3). Other giving circles are co-created, where community members
work together with a host organization and share responsibilities. In some cases, they are created entirely as a result of the host’s efforts (Forum of Regional Associations of Grantmakers, 2008). The responsibilities assigned to members and the host can be affected by how the giving circle was created (Bearman, 2007). This relationship between a giving circle and its host is important, and it looks different for each situation.

ELEMENTS OF A GIVING CIRCLE

Increased giving

Giving circles can be appealing to host organizations because they introduce people to philanthropy. For nonprofits attempting to engage donors from a variety of backgrounds, such as women or minorities, giving circles can provide opportunities to enlarge their donor pool (Eikenberry, 2009). Giving circles allow those donors to have a voice in community development decisions, and their participation takes place in a welcoming environment (Eikenberry, 2009). Recent research by the Women’s Philanthropy Institute at IUPUI suggests that women often make decisions about household charitable giving, and giving circles provide encouragement for them to make larger gifts (Eikenberry, 2009, Mesch & Pactor, 2012). Giving circle members also tend to make larger gifts and support a wider variety of organizations than prior to their participation, so giving circles are capable of having a profound effect on increasing women’s philanthropy (Eikenberry, 2009).

Giving circles also engage new and young donors. Katy Love, founder of the Washington, D.C. giving circle Gather and Give: Let’s Eat, said that the giving circle helps members “get in the habit of being donors” (Shaw-Hardy, 2009). The giving circle model of pooling resources appeals to young donors who want to make an impact but are unable to make large individual gifts (Bearman, 2007). In fact, many members will give beyond the required
amount of the giving circle, or they will give to other organizations to which they become connected through their participation in the giving circle (Bearman, 2007). This is important because it shows that giving circles do not entirely replace an individual’s giving habits. Individuals who join a giving circle will not necessarily stop giving to other organizations as a result of their membership. The opposite might actually be true.

**Donor Education**

In addition to increasing charitable donations, many giving circles incorporate an educational element into their meetings. This education might include building a community awareness by visiting grantees and learning about programs they support; this is, in fact, the case for about 65% of giving circles (Bearman, 2007). Other giving circles provide education about philanthropy, such as ways to give or how to encourage children to be more philanthropic (Bearman, 2007). The educational component is sometimes directly related to the mission. For example, the Lovelight Foundation worked to educate giving circle members about issues in the area of women, children, and families in Detroit by inviting local experts to speak about the current situation. In this giving circle, the educational component also enhanced the philanthropic element, and members had a better understanding of how their gifts could be used (Shaw-Hardy, 2009). Other giving circles might have educational meetings focused on financial education or learning about childhood obesity (Shaw-Hardy, 2009). Topics can be unique to the interests of the giving circle members, but the concept demonstrates the impact of giving circles in the community beyond serving as a tool for collecting donations.

**Network Development**

While the effects of giving circles on increased charitable giving and community knowledge have been studied by researchers, a less explored effect of giving circles is their increase in social capital. The concept of social capital is often discussed with reference to
Robert Putnam’s *Bowling Alone*. His book discusses how the decrease in participation in bowling leagues, bridge clubs, and social clubs such as Rotary has led to a decrease in social capital (Putnam, 2000). Physical capital might be an office building or equipment, and human capital refers to the abilities of people, such as skills gained through trade school or experience. Although social capital can be a somewhat nebulous concept, it can be explained as a third type of capital used to increase productivity. Putnam’s definition of social capital refers to the connections and networks among individuals in society. These networks are built through regular interactions, such as doing a favor for someone with the understanding that one day, that person will return the favor (Putnam, 2000). Trust in society, community leadership, and charitable giving are all key elements of social capital (Brown & Ferris, 2007).

There are two types of social capital: bonding and bridging capital. Bonding capital is formed through social interactions within a group of similar people (Putnam, 2000). For example, monthly Rotary meetings help members make connections and develop relationships, trust, and create a sense of goodwill in the community through bonding social capital. Bridging social capital is created when there are interactions between two different groups. An example of this might be when a group representing the interests of international students holds regular meetings with a general student government board to ensure that the culture and opinions of all students are understood and respected.

Bridging social capital can be more difficult to create, because these interactions do not always occur naturally. However, it has the potential to be much more valuable than bonding social capital (Putnam, 2000). This is because in some situations, bonding social capital can be exclusive and does not necessarily produce positive outcomes, such as with the KKK. The diversity in experiences and networks allows people to learn from each other through bridging
social capital, and the “weak ties” created are often more valuable when trying to create social change (Putnam, 2000).

Giving circles are also incredible network builders, and in some cases, the social and networking aspects are just as important to members as the philanthropic opportunities. Because members elect to join giving circles, they are able to meet people with similar interests who also choose to participate. As they discuss community issues and problem solve together, they develop social capital (Bearman, 2007). Social capital established through giving circles has many profound effects. Donors become more connected and might decide to volunteer at an organization they supported through a grant. They might join the board of directors at an organization they discover matches their passions (Bearman, 2007). These networks are all built on trust and reciprocity.

Social capital can be used in a similar manner as human or physical capital. It can contribute to advances in health, increase volunteerism and giving, and even improve emergency response (Easterling, 2008). According to Brown and Ferris, “For secular giving, network-based social capital is the biggest contributor [to generosity]” (2007, p. 95). A study by Angela Eikenberry and Jessica Bearman (2009) found that giving circle members were more aware of community issues and more likely to volunteer, participate in a group, vote, discuss politics, or donate money to solve those issues. As people expand their networks and meet more people, there is an increased likelihood that they might encounter someone who would ask them to volunteer or give (Brown & Ferris, 2007).

**WOMEN IN PHILANTHROPY**

Research about giving circles is often related to the topic of women in philanthropy. Many giving circles were initially created to engage women in philanthropy, although they
increasingly include men as well (Bearman, 2007). The Women's Philanthropy Institute at IUPUI has contributed significantly to this field of study. They found that women are becoming more educated and increasingly active participants in the labor force (Mesch & Pactor, 2012). “Generally, women are more likely than men to give, and give higher amounts than men, to nearly every charitable subsector,” (Women's Philanthropy Institute, 2015, p. 4). This means that women in giving circles generally give more than men, and this is unrelated to differences in income levels (Eikenberry & Bearman, 2009). Research shows that women support more causes and organizations than men, and they tend to be motivated to give to organizations with which they are actively engaged (Women's Philanthropy Institute, 2015).

Giving circles provide women with the opportunity to give to a wide variety of causes while leveraging their donations to make a big impact. Usually the grant making process is democratic, and giving circles allow women to get more involved with organizations through their educational programming and site visits (Eikenberry, 2009). The networks built through giving circles are key to engaging female donors, and strong networks have been shown to positively influence women’s philanthropy (The Center on Philanthropy at Indiana University, 2011). Women with well-developed networks tend to have confidence that societal issues can be impacted effectively through philanthropy, perhaps due to increased opportunities for education and engagement (The Center on Philanthropy at Indiana University, 2011). Giving circles may be the solution nonprofits are searching for to engage women and encourage them to become more strategic partners in philanthropy and social change.

COMMUNITY FOUNDATIONS AND SOCIAL CAPITAL

As discussed previously, some giving circles choose to join efforts with a host organization. The relationship between a giving circle and its host looks
different in each situation. Hosts might provide financial or legal assistance in the form of investing funds, tracking donations from members, or providing the 501(c)(3) status (Easterling, 2008). There are a few extra advantages to giving circles who are hosted by community foundations specifically, such as education about grant making processes (Easterling, 2008). Community foundations also present unique opportunities to build social capital which can benefit the giving circles they host.

Community foundations collect financial resources from many people in the community, and those gifts are pooled to make a major impact. Their missions are naturally related to improving quality of life, which is broad enough to encompass many social building activities. Additionally, community foundations possess knowledge and awareness of relevant community issues gained through their work, and they establish credibility with donors, activists, nonprofits, and businesses when they are successful in those efforts (Easterling, 2008).

Community foundations can use these advantages strategically for the purpose of building social capital. They are already effective at identifying organizations who are solving issues in the community and supporting them through grant making. This could be aligned toward social capital building by incorporating it into granting priorities, allocating funds towards projects dedicated to bringing together diverse groups, or sending requests for proposals to organizations who might be interested in these projects (Easterling, 2008). Additionally, they can use their platform as a trustworthy, knowledgeable community organization to share messages. They might recognize specific social capital builders through community awards or send out pamphlets with ways to increase social capital (Easterling, 2008). They can bring together diverse groups of people and host workshops to educate them about building social capital, placing social capital as a priority on the community’s agenda (Easterling, 2008).
This process of building social capital through increasing awareness, grant making, convening influential decision makers, and engaging community members can theoretically be incorporated into giving circle practices. They can use their host community foundation’s network to bring together diverse members, build trust, and make grants that support those who are building social capital in the community (Easterling, 2008). The Women’s Giving Circle, part of York County Community Foundation, has embraced this idea and is working to develop relationships in the community while concentrating education and investments on projects that build social capital (York Women's Giving Circle, 2013).

GAPS IN THE LITERATURE

Although current research thoroughly describes ways giving circles form and can contribute to society, there is a lack of information concerning the type of social capital they develop. Giving circles certainly have the opportunity to expose their members to different groups of people through educational site visits and interactions with community organizations (Eikenberry, 2009). However, research could be done to determine whether giving circles tend to build bonding or bridging capital, and whether or not they treat social capital as an important element of their group. Identifying best practices for giving circles to intentionally build bridging social capital would also be useful. For example, Angela Eikenberry mentions that the bonding social capital of giving circles could be used to develop bridging capital and make giving circles more accessible to diverse groups of people, but there is no explanation for how exactly to incorporate this (2009, p. 116).

Another gap in the research is related to the explanation of causation or correlation between social capital and giving circle membership. Research is not clear about whether people join giving circles because they already have a well-developed network, perhaps because they
had a higher chance of being invited to join, or if they develop social capital as a result of their involvement in the giving circle. If members of giving circles tend to have well developed social networks that were not created through their membership, how much of an influence does their involvement have on their likelihood to increase volunteerism? As giving circles increase in popularity as an option for nonprofits to engage donors and expand their impact in a community, this discussion of social capital may become more important.

**METHODOLOGY**

The purpose of this research is to examine the additional elements that giving circles provide for their members beyond the opportunity to participate in pooled philanthropic giving. Current gaps in literature concerning the types of social capital developed through giving circles were addressed through the use of survey methodology because it allowed for the most efficient and flexible gathering of qualitative and quantitative information in this case. This survey also collected information about best practices of giving circles hosted by Indiana community foundations.

Supported by the generosity of the Lilly Foundation, Indiana has a wealth of community foundation resources. Due to Lilly’s significant financial resources such as their Giving Indiana Funds for Tomorrow (GIFT) initiative, each of Indiana’s ninety-two counties is represented by a community foundation (Lilly Endowment, Inc., 2014). As discussed earlier, community foundations are highly appropriate tools for building social capital through hosting giving circles. The survey was limited to Indiana’s community foundations to learn about how giving circles in this specific environment are functioning, where the resources and support indicate that there is high potential for social capital building.
An email invitation to participate in the research was sent to the general email contact listed on the websites of eighteen community foundations in Indiana along with the interview questionnaire. Of these eighteen community foundations, six were located in urban areas, six in suburban areas, and five in rural areas. These descriptions were based on their IRS Form 990s and the USDA’s rural-urban codes (National Center for Charitable Statistics, US Census, USDA). These organizations were chosen based on availability of information on their website and with consideration to their location in the state, as every effort was made to survey organizations representing various geographic areas of Indiana. Participants received a follow up phone call, and phone interviews were scheduled and conducted with the staff member that the community foundation determined was the appropriate person. Of those community foundations contacted, eleven agreed to be interviewed about their giving circle or similar programs at the community foundation, and eight either hosted giving circles or described independent giving circles in their community. These eight community foundations represented rural (2), suburban (2), and urban (4) counties.

The interviews were conducted via telephone rather than as an online survey in order to allow for additional background or supporting information to surface beyond the limits of an email-questionnaire’s capabilities. Interview questions were written with the goal of establishing an overall picture of the giving circle, so they included information about the giving circle’s background and structure in addition to the effects of the giving circle (See Appendix). Giving circles are highly customizable, and they can be tailored to function specifically within their community’s culture by choosing how many members to include, frequency of meetings, giving requirements, educational opportunities, or the diversity of members to invite. The additional information provided through interviewing the community foundations with open-ended
questions gave insight that would have been difficult to collect through a single online survey. These interviews lasted between 10-25 minutes. Data collected was both quantitative and qualitative in nature, including some stories about the types of grants made along with information about the amount of money granted.

A few obstacles to collecting this research were anticipated. Spring is often a busy time for community foundations because senior student scholarship awards are presented in April and May. Due to this and other time constraints, it was not possible to interview all community foundations in Indiana. To account for this, a variety of community foundations of various sizes and from urban, suburban, and rural areas were chosen for the survey. All three types of counties were represented by survey participants, although most of the responses were from urban areas.

RESULTS
SUMMARY OF RESULTS

Results from the interviews were grouped into main categories: independence of the giving circle, frequency of meetings, mission focus, grant making process, and the importance of socializing and relationship building. The giving circle’s ability to contribute to social capital building in their community was also analyzed with consideration of each one’s unique culture and demographics. The similarities and differences amongst the giving circles were examined in each category, and conclusions were made with consideration of the existing literature.

COMMUNITY FOUNDATIONS WITHOUT GIVING CIRCLES

A few community foundations interviewed did not have giving circles. Three of these organizations were the smallest of the group in terms of total assets held by the community foundation. One of these organizations had a group with social capital building effects similar to
a giving circle. This project, called the College Success Coalition, brings together community volunteers, nonprofits, schools, and businesses to organize a college fair for the students. Another community foundation has a Women in Philanthropy luncheon each year that functions as a one-time women’s giving circle. In both of these situations, the groups meet too infrequently to have a significant impact on the creation of social capital through repeated interactions and opportunities for trust building, but they might lay a foundation that could be expanded through future social capital building initiatives. The third community foundation did not have a circle, and they did not report any programs they hosted that work to build social capital. Surprisingly, one of the largest community foundations interviewed also did not have a giving circle. However, they provided information about a giving circle organized by the community and unaffiliated with the community foundation.

**MAIN TOPICS OF COMMUNITY FOUNDATIONS WITH GIVING CIRCLES**

**Independence of the Giving Circle**

The operating structure of a giving circle can be affected greatly by the circumstances under which it was formed. Of the community foundations interviewed, two were responsible for creating their giving circles while the other giving circles were created either solely by or in conjunction with community volunteers. The giving circles created with the assistance of community volunteers were inspired by a variety of sources, such as Women in Philanthropy luncheons and conferences or learning about other giving circles in the state through friends and family members. Most of the giving circles created with the help of community volunteers are led by their members. These giving circles organize their own meeting schedules, market the group, recruit new members, and are responsible for granting decisions. It is interesting to note that one giving circle created by community members reported a shift in responsibilities from an
advisory committee to the community foundation, while another community foundation reported that a few giving circles they helped “incubate” grew to the point of applying for their own 501(c)(3) status and becoming an independent organization.

Another community foundation described a giving circle that relies very heavily on administrative support from the community foundation, which consists of organizing meetings, finding a meeting room, and providing transportation for their site visits. However, this giving circle does extensive research about the causes they support, so the administrative support from the community foundation allows them to direct more of their time and energy towards their philanthropy. The community foundation has benefitted from this relationship as the giving circle uncovers grassroots organizations who are making an impact but lack either publicity or extensive support, both of which the community foundation could provide. This community foundation is also examining the possibility of following the Pittsburg Foundation’s model of community foundation created giving circles. Using this strategy, the community foundation would identify a critical issue they hope to significantly improve, such as food insecurity, and then invite a small group of high capacity donors to participate on a highly concentrated level (Gannon, 2013).

The independence of the giving circle is related to the sustainability and potential for social capital building of a giving circle. In More Giving Together, the author stresses that a giving circle should focus on building its leadership and ensuring that new members are also being trained to transition into leadership roles (Bearman, 2007). For those giving circles who rely on the community foundation for administrative support, it is important to examine if the relationship is mutually beneficial (Bearman, 2007). If a giving circle becomes a drain on the community foundation’s resources without increasing giving, introducing new people to
philanthropy, or contributing to the solution of community issues, then the leaders of both the giving circle and the community foundation should attempt to establish clearer responsibilities that share the cost of managing the giving circle or consider other options for engaging new donors.

For those giving circles that run mostly independent from the community foundation, the executive or steering committee can be an opportunity to engage members and build social capital. As these members spend more time together actively working on projects or planning meetings, they develop relationships based on trust and reciprocity. It might also contribute to a sense of ownership. If members hold the ultimate responsibility of ensuring the success or failure of their giving circle, they may be more motivated to work together, and their networks will play an important role in the outcome.

**Frequency of Meetings**

Overall, the giving circles meet anywhere from once a year to once a month, with the majority of responders meeting two to four times a year. In some cases, there are opportunities for engagement in between those meetings, such as through volunteering at nonprofits or serving on committees. The frequency of meetings is important for building social capital because it allows people to build relationships and provides repeated opportunities for trust and reciprocity to develop (Lollo, 2012). Annual meetings would not be conducive for developing social capital unless the women encounter each other outside of the group or utilize regular online communication through group emails or newsletters. Otherwise, they would have little opportunity for information to flow from one person to another, which is an important element of social capital (Lollo, 2012).

However, as a caveat to the importance of frequent meetings, one giving circle mentioned that the county has an abundance of nonprofits and opportunities for people to give back to their
community. This giving circle only has one meeting per year because the members do not necessarily want to attend another monthly meeting. Those who are looking to become more involved are encouraged to join committees and participate in the annual fundraising event. In this case, it seems that the giving circle may act as an extension of the existing structure of the network of nonprofits in the area, simply adding to the supply of social capital rather than serving as the catalyst for creating it.

**Mission or Focus Area**

Some of the giving circles in Bearman’s work had very specific focus areas, such as international development or health and nutrition in their hometown (2007). However, the overwhelming majority of the giving circles interviewed have broad priorities established. Some do not have any specifications beyond geographic limitations of serving the county’s residents. One giving circle has established four focus areas for helping women and children, and their grants align with those priorities. When community foundations reported that the focus areas of their giving circles were limited, it was to a broad topic such as women’s health or identifying faith based initiatives working to solve problems in the community.

This may also be important for the sustainability of a giving circle. If priorities are able to shift with the changing interests of members and include new problems that arise, the group can ensure that the money invested by members will be used for issues they believe are important. Members may be more likely to volunteer if the nonprofits they support and learn about are related to their interests. As the members in a giving circle age or move away, the organization needs to have access to a group of people who might be interested in joining. If the priorities are rigid or do not align with the interests of a new generation, it seems possible that organizations would lose out on potential members. Broader priorities may be more welcoming to a diverse membership. Further research could be conducted to examine this possibility.
Grant Making Process

In almost all of the giving circles interviewed, the grant making process is democratic, although some are more complicated than others. Three giving circles function quite similarly. They ask all members to nominate an organization who should receive their grant and the nominations are placed in a bowl. Three names are chosen, and those members are given a set amount of time to try to persuade the group to support the organization they nominated. Some giving circles require part of this time to be set aside for answering questions. Once the three members state their case, the giving circle votes on one of the organizations to receive the grant. In some giving circles interviewed, this can amount to a grant of $20,000, which has the power to completely transform small nonprofit organizations. These giving circles also place a limit on how often an organization can receive their grant so they are supporting a wider variety of causes.

Other giving circles rely on more traditional grant applications from nonprofits seeking funding. Those who meet only once or twice a year will generally vote at their annual meeting. Some giving circles, with both very large and very small membership, utilize a grants committee, which reviews the applications and makes the decision on behalf of the group.

The survey found that the method for grant making was closely related to the frequency of meetings. Those organizations who met more often were encouraging members to advocate for nonprofits they believe to be worthy of receiving the grant. Giving circles meeting infrequently relied on a more formalized method of vetting applicants. Although the benefit of establishing committees to focus on grant making is that the giving circle can ensure that nonprofits who receive funds are qualified, efficient, and can demonstrate their impact, it only contributes to social capital building for those serving on the committees who work together and
review the applications. Otherwise, very little is required of members in terms of attendance and working with others in the circle.

**Emphasis of Socializing, Relationship Building, and Social Capital:**

Each giving circle who participated in the survey reported that relationship building is an important element of their group. Two giving circles explained that their location in a low population density county inhibits their ability to build social capital. Although those relationships have strengthened and developed, they have not necessarily met new people or introduced people to others in their networks. Other giving circles also reported that they value the social aspect of the giving circle, but many of the members of their giving circles knew each other before joining, and they often join because they were invited by other friends who participate. A few giving circles have time set aside for networking and making connections at meetings before discussing the business of grant making, but this social time may not contribute as much as expected to the building of social capital.

One interviewee said that when the giving circle members get together, “it’s like a party!” Although many of their members already knew each other through church groups, sorority, or the country club, they have made new connections through the group. In giving circles of larger communities, this was a common response. However, one large giving circle reported that it was a “190 person clique,” indicating that bonding social capital is present, but there may be little emphasis on building bridging social capital.

According to the interviews, the more urban giving circles provided many opportunities to create social capital. Those who participate in their giving circles undoubtedly meet new people and make connections in the community. Since these giving circles in general were more focused on educating members about community issues and often have an element of site visits or volunteering at organizations, it is likely that people are creating bridging social capital as
well. In the case of a small giving circle hosted in an urban area, their efforts to learn more about programs addressing issues in the downtown area are highly involved, and through their partnership with the community foundation, they are almost creating social capital in the reverse sense, educating the community foundation about things they would not have encountered otherwise and helping the community foundation create new connections in the community.

**CONCLUSION AND RECOMMENDATIONS**

Social capital affects everyone in the community. If networks between businesses, nonprofits, and public offices are nonexistent, there could be resource duplication or gaps in services because trust and community awareness is lacking. Indiana’s community foundations are contributing to the development of social capital with the purpose of improving quality of life in their community. By convening groups of donors for the purpose of increasing giving or community awareness of an issue, giving circles are one tool for making that possible.

After analyzing the results of the interviews, it seems there are a few practices that giving circles could consider implementing if their goal is to build social capital for the purpose of increasing potential impact. A few of the giving circles allowed people to split a membership vote. For example, one giving circle currently has four college students who each give $25. The four individuals splitting the membership must come to a consensus and can only choose one organization to vote for in the grant making process, but this practice has allowed the giving circle to access a network of people who otherwise might not be able to afford to participate. If this method is used to include other non-students as well, it increases the diversity of the group, which can contribute to building bridging social capital in addition to bonding.
Additionally, some community foundations listed concerns with certain elements of their giving circles. Strategies utilized by other giving circles in the survey could be considered as potential solutions to address those issues. The sample size included in this survey is not large enough for comprehensive recommendations. Instead, conclusions should be applied on a case by case basis.

Some of the giving circles reported that although their membership did not all know each other, people tend to talk to their old friends at meetings rather than attempting to meet new people. For the “190 person clique,” this could have a negative effect on the giving circle’s ability to build bridging social capital. One idea for reducing the effects of this would be to encourage people to mingle beyond their friend groups. The networking time set aside at the beginning of meetings could include icebreaker games where members are required to introduce their friends to new people. There could be suggested seating that is randomized each meeting so people sit around a table with new people. Potentially the best solution would be to encourage members to serve on committees and rotate between committees periodically so that they serve with people they do not know. A final option, and one that does not require people to leave their comfort zone unless they would want to, is to set aside tables at meetings for those who came to the meeting alone or want to make new friends. This could be done in pairs so that introverted individuals may retain the comfort of a familiar friend while also meeting new people.

Although a few giving circles who participated in this survey mentioned that their model was inspired by another giving circle, each giving circle was unique. They met at varying frequencies, they made decisions differently, they had distinct relationships with their host organizations, or in some cases they did not have a host organization at all. One giving circle reported receiving matching corporate grants while another described a highly successful school
supply drive organized at their annual meeting. Both of these examples were entirely unique from the other giving circles in the study. This lack of a one-size-fits-all giving circle shows that communities can benefit from the donor engagement and social capital building opportunities that fit the culture, wants, and needs of their own residents. If a community foundation hopes to engage high capacity donors, they could require higher giving minimums and treat the giving circle as an elite society of donors. A community foundation who hopes to engage minority populations might purposely invite people to join their steering committees or schedule their meetings at times most convenient for those groups. In the smaller communities interviewed, who reported that there was already a foundation of social capital, giving circles seemed to contribute to building bonding social capital as the women were excited to get together and highly valued the social time at each meeting.

Community foundations who do not currently have giving circles or are unable to devote the staff time to developing a giving circle could work purposely to build social capital in their community using certain elements of a giving circle. For example, they could encourage donors who are particularly passionate about certain causes to create a field of interest fund for the general grants committee. This would demonstrate the power of pooling donations to make a large impact on a particular cause without the administrative work of organizing and staffing quarterly meetings. The community knowledge gained as giving circle members discuss issues and the organizations working to solve them could also be shared without a giving circle. As the community foundation becomes aware of new or interesting nonprofits, they could share this information with a group of donors who have expressed a passion or an interest in that specific area.
This survey was limited to a specific group of giving circles, and it does not fully represent the scope of possibility for giving circle. They operate around the world, in kitchens and ballrooms, and their priorities and practices vary immensely. With this, their impact on social capital also differs. Further research could be done to explain if people increase their social capital because they joined giving circles or if they tend to join giving circles because their social capital is already high. Additionally, research on how to quantitatively measure a change in social capital in a community could help community foundations be more strategic when organizing giving circles. It also was unclear to what extent the social capital that was created could be considered bonding or bridging social capital, and it seemed that the giving circles interviewed were not purposely attempting to build a specific type of social capital.

As the workforce continues to be more mobile, feelings of community may not naturally develop, and purposely developing social capital may become more important for nonprofits (Williams, 2003). With their abundance of community resources and knowledge and their ability to serve as natural conveners for diverse groups, community foundations and giving circles can enjoy a mutually beneficial relationship. As they encourage women and minorities to take initiative in philanthropy through increased giving and provide opportunities for social capital to develop, giving circles might be the answer to solving a variety of issues specific to a particular area.
BIBLIOGRAPHY


APPENDIX

INTERVIEW QUESTIONS

Part 1

Background of the Giving Circle

• When was the giving circle founded?
• What was the impetus? Did you have a community champion? Was there a specific community need that the giving circle was created to address?
• How did the leadership at the community foundation work with donors and community volunteers in the development of the giving circle?

Part 2

Structure of the Giving Circle

• What responsibilities are assigned to the community foundation? To the leadership of the giving circle? To the members?
• Does the giving circle have a mission statement separate from the community foundation? Does it include a broad variety of community needs or is it more narrowly focused?
• What donor education opportunities are offered by the giving circle?
• Are there other giving circles in the area that are not connected with the community foundation?

Part 3

Effects of the Giving Circle

• What community issues have been impacted by the giving circle?
• Has the giving circle increased volunteerism? Do members volunteer outside of giving circle organized opportunities?
• Has the giving circle created feelings of community, trust, and reciprocity amongst members? Do these feelings extend beyond the giving circle? Has this changed over time?
  a. Does the giving circle work with other community organizations?
DESCRIPTION OF SURVEY PARTICIPANTS

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* Urban: Counties in metro areas
Suburban: Nonmetro, urban Population of 20,000 or more, adjacent to a metro area
Rural: Nonmetro, either completely rural, less than 2,500 urban population, or urban population of less than 19,999

Descriptions based on Rural-Urban Continuum codes of USDA

** Population estimates based on most recent year available, according to US Census data.

** Year end net assets based on most recently available form 990 accessed from NCCS.

Because survey information was collected on an anonymous basis, the names of organizations who participated have been omitted.