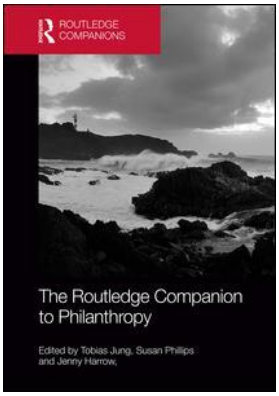

The Routledge Companion to Philanthropy

Tobias Jung, Susan D. Phillips, Jenny Harrow

Wiring a new social economy

Publication details
https://test.routledgehandbooks.com/doi/10.4324/9781315740324.ch28
Lucy Bernholz
Published online on: 17 May 2016

28

Wiring a new social economy

Reflections on philanthropy in the digital age

Lucy Bernholz

Digital technologies are not just changing philanthropy, they are creating a new social economy. For several decades, we have defined philanthropy as the formal interactions between certain institutions (community organizations) and certain revenue sources (charitable dollars). While national definitions and incentives vary, the essential equation is of a set of institutionally defined interactions framed as either non-governmental or not-for-profit. These organizations, and these funders, have become synonymous with civil society. Technology is changing that. Today we use private resources for public purposes in multiple and diverse ways, many of which are flourishing on the backs of new behaviours made possible by technology. As the activities, institutions, and resource flows that constitute philanthropy shift, eventually the policy boundaries of the sector itself will need to be redrawn.

Digital technologies facilitate a common set of behaviour changes, whether we look at their use in commerce, government, or the social sector. They expand and mobilize information access, facilitate the storage and use of massive datasets, and shift our expectations about to whom and what we can connect. Of course, people and institutions determine the extent and pace at which this progression unfolds, and there is currently great variation in the use of technology by non-governmental organizations around the world. It is evident, however, that many nonprofits struggle to keep up with the information technology investment curve. National policies on a wide range of issues, from telecommunications infrastructure to personal information storage to intellectual property, significantly influence the availability and use of technology's tools. Cultural preferences and the history of censorship or government surveillance also affect how willing individuals and organizations are to adopt communications tools, and which ones they prefer. For example, a 60 country study of digital media policy sponsored by the Open Society Foundation (2014) notes wide differences in proximal countries in national investment and cultural willingness to use digital broadband, blogging, social media, and social networking tools.

Disruptive innovation in all sectors tends to come from new players, those who are free to imagine a process or product anew rather than those using new tools to improve the old practices to which they are tethered. This continuous back and forth between new and old forms the story of technological adoption and new behaviour and enterprise creation. This process has reached the point where we need to draw new boundaries around the social sector.

This chapter aims to understand the role of technology in the social sector by examining its use from three perspectives. The first two views require a loose separation of organizations into the 'core' and the 'edge'. The bounds between the two groups are fluid, but in general the core group includes nonprofits and foundations created before digital networks became common. The problems these organizations focus on were largely defined in a pre-digital age and their solutions, organizational structures, and use of technology reflects this. The second group lives toward the edge of the sector. It includes enterprises that have been founded on digital networked technologies. The solutions that these organizations offer are unimaginable without global, digital, mobile connectivity. Their programs, missions, and organizational structures rely on access to cheap, scalable, reliable technology. Some offer global connections between peers or mobile phone based volunteer opportunities; some simply require cheap digital information storage and search in massive quantities.

Benkler (2006) describes a common characteristic of technology adoption by a sector or industry. Simply put: existing organizations and funders (the core) innovate with new technologies by using them to improve old practices and solve pre-defined problems faster or more cheaply. Newcomers (the edge) innovate by using new technologies to explicitly change the old practices and redefine the problem (Benkler, 2006). This leads to a dynamic exchange – indeed, a certain tension – between the 'insider innovators' and 'outsider innovators' in which both learn and change, and before long the edges of the sector have shifted. These interactions can be direct, such as the shared influence created by networks of technologists who serve both the edge and the core. More often the intersections are indirect, however, and arise from shifting norms and expectations. For example, as edge organizations publicly experiment with open and shared measures of performance the pressure rises for core organizations to do the same. Similarly, the success of core nonprofits in using social media and online platforms to raise money in tiny increments influences edge innovators to extend this practice to independent and commercial projects.

This dynamics of edge and core creates a third force that is changing the sector. When participants break through established structural norms or reach out to entirely new partners, it can redefine a whole industry. Thus, we see a music industry reshaped from record labels to tech companies and live performances or the publishing ecosystem of authors, editors, publishing houses and independent bookstores being broken apart by the nature of e-book distribution (Wasserman, 2012). This is precisely the moment we have reached in philanthropy as technology allows us to reach out to new capital and experiment with new enterprise structures. As the use of new technologies facilitates new organizational forms, we confront anew the tensions between private resource control and public accountability. Data and technology underpin the growing impact investing and social enterprise movements, which have also redrawn the boundaries of the social sector. In our age of big data, we see new tensions around intellectual property and in this era of global connectivity, we regularly confront transnational regulatory hurdles.

Technology, as we will see, is reshaping how we use private resources for public good. These new practices will need new governing requirements; both 'soft' industry standards and 'hard' regulations.

What technologies matter?

While it is the behaviours and expectations engendered by digital technologies that actually drive change, there is a short list of technologies that are responsible for most of the shifts currently unfolding. These include: large connected databases; online giving platforms; social media and social networks; and mobile phones and payment systems.

Underlying all of the front end technologies it is the general characteristics of digital information – namely its remixability, durability and resilience – that change behaviour, enterprises, and economies.

Digital data's key characteristics

Digital data can be mixed together in ways that static data stored on paper or non-networked technologies cannot. If the data are music, the *remixibility* allows for sampling of songs, streaming, and storing – all of which led to massive shifts in the recording industry. If the data are numeric information about population characteristics or revenue flows, they can be shown on a map, sampled, mined, and searched for patterns. They can be shown in comparison and contrast to other datasets, and can be analyzed and represented, misanalyzed and misrepresented by anyone with access to them.

Digital data are also *durable*: they are hard to remove or erase. Once stored on a server, copies can be made and stored elsewhere. If the server is owned by a separate enterprise, be it governmental or commercial, the initial users of the data may lose control over time of where the data are stored and how others use them. At the same time, storing data remotely allows users to access them anywhere and anytime. This virtual access shifts the physical boundaries of work, and these qualities have very different implications for human rights activists, health researchers, or law enforcement.

Finally, digital data are *resilient*: they can be used over and over again and never wear out. Our analog notion of 'originals' and 'copies' is fundamentally flawed in the digital era. There is no 'natural' limit to how many times these data can be used, only business models or legal considerations limit this. Such issues challenge old publishing models while sparking the imaginations of educators.

Philanthropic datasets

For more than a decade, data about giving opportunities have been moving online. The nonprofit sector has dedicated significant resources to developing online, searchable catalogues of tax and administrative information on nonprofit organizations. The GuideStar model in the US, UK, Israel, and India, TechSoup Global's NGO repository, and more than 100 online giving platforms in all parts of the world demonstrate the many uses for simple, searchable databases of organizations.

Whether in the form of scanned tax documents that provide an aggregate view of a nation's social organizations or through the carefully cleaned and curated data of all foundation grantmaking, there are now common, publicly available datasets of fundamental financial information about the philanthropic and nonprofit system. These datasets are richest in information about this core relationship – charitable giving and nonprofits. Additional datasets track social enterprises, impact investments, or government funding for social sector activity. Even though the data live in separate sets and in separate forms, the ability to bring the data together to see an encompassing view of all revenue to all organizations creating social goods is getting easier and easier.

In the US, independent third parties do the collation work. An entire ecosystem of monitoring, rating, and review sites has developed around the core information of what organizations exist and what revenue flows to them. A subset of these entities is working together to create standard data categories, application program interfaces (APIs) that allow data to be moved from one site to another, and ratings systems that complement each other. In just the last five years

GuideStar, Charity Navigator, Philanthropedia, Givewell, and Great Nonprofits, among others, have taken steps to deliberately cluster and use a shared set of data standards. Large US foundations are also experimenting with streaming their grants data in a common format. There are moves afoot to 'open' up the federally required tax data on all nonprofit organizations, which would make the core data available in truly digital forms. This has already been achieved in Canada where the federal regulator, the Canada Revenue Agency, provides the annual charity return as open data, downloadable from its website, and is moving toward e-filing of the return making the entire process fully digital.

There are at least 100 online giving platforms around the globe, each of which uses and/or contributes to the digital data available about social organizations and their funding. Online giving is growing rapidly. This makes giving easy and instant, and is especially appealing to those giving small dollar gifts (which make up the vast majority of giving). One effect of this easy giving structure is to accelerate the phenomenon of matching the stated outcome to the size of the gift: organizations now commonly tout the 'results' that five, ten or twenty-five dollar gifts will enable.

These online giving sites are each powered by a dataset of giving opportunities. Add to these the growing availability of datasets from government funders on their spending (data.gov, data.gov.uk, and at least 30 other national and international sites) and we begin to see the raw material for a comprehensive digital understanding of organizations and revenues. In Canada, a commercial enterprise (ajah.ca) has built a single database of organizations, charitable giving, foundation grants, and government support – both grants and contracts – providing a more comprehensive view of the Canadian nonprofit sector than has been available (Lomax and Wharton, 2014).

The availability of data is a first step. Getting this information in standardized ways that allow users to intermingle and compare data from different datasets is the next step, and a danger is that in the enthusiasm for opening data, interest in standardization is lost. The technological elements of this step are not difficult, although ongoing maintenance is required and expensive in current models. What slows the implementation of such standardization, however, are the challenges that it poses to established business models or that it sets up for transparent interactions. These are not minor challenges. Being able to quickly and easily see aggregate foundation funding flows, compare organizational revenue, and track or map government spending to organizations draws attention that is not necessarily welcome by everyone in the sector. There are many in the sector, both funders and organizations, who do not welcome this level of transparency, many who do, and a majority that do not understand its implications.

These databases have fundamentally changed how we look for information on nonprofits. Personal recommendations or the insights of friends and colleagues remain important, even as we are all one click away from searchable, comparable information. However, these independent data sources do not appear to be the most meaningful sources of information to donors. A series of studies in the US found that less than 20 percent of donors regularly do any kind of research about the organizations they support, and most of what they look for is legitimacy information on individual organizations (GuideStar, ND; Ottenhoff and Ulrich, 2010).

Even before donors begin to adopt a more nuanced data analysis, broad easy access to verification data on organizations has changed the way donors interact with nonprofits. Because the overhead ratio is easy to calculate and compares numbers that fit all nonprofits, early vendors of charity ratings focused on it, even though they knew it was of limited actual value. It has become a standard that is hard to ignore, despite efforts within the sector and outside to move donors to more complex analyses. We are still in the collective search for widely available, meaningful measures of organizational effectiveness and social impact (von Schnurbein, Chapter 30).

For now, the marketplace is still in the creation stage between identifying and implementing measures that matter on a broad enough scale that donors and others can use them.

The relationship between databases and measurement is responsible, in a small but significant way, for the rise in impact investment. This movement, which seeks to draw financial return oriented capital toward enterprises that produce social goods, has many antecedents and champions. While its roots date back to the 1960s and socially responsible investing, and it is growing in a cultural moment that believes strongly in the power of market based solutions, the goal of measuring social impact requires the ability to crunch large quantities of meaningful, comparable data (Hebb, Chapter 29). The impact investment movement requires metrics, and comparable, sector-wide metrics require robust, connected databases. This will only become more evident as the impact investment movement to build online exchanges grows, and as the emergent efforts to match investors and enterprises in Asia, South America, and the Middle East expand.

Online databases of organizations that allow users to compare causes or actions also serve to blur the lines between nonprofits and other forms of enterprise. In just two years, the fundraising platform Kickstarter went from a niche market for art and cultural events to a system for raising millions of dollars for commercially viable products. The system's designers never limited the inventory of choices to nonprofit organizations: the original criteria for listing had only to do with an effort's artistic or cultural value. It quickly became clear that donors on the site cared about specific projects and not about the tax status of the particular endeavour. Kickstarter copycats, which allow anyone to post a project of any type and raise funds for it, have blurred the lines between commercial and nonprofit activities. This model of crowdfunding has proven so successful in the creative economy that the US passed a law in 2012 allowing companies to raise equity investments on similar sites.

When web-enabled databases first came online, community volunteer centres rushed to put their opportunities online for potential participants to search and choose. In 1998, VolunteerMatch, then a startup, took this approach a step further, combining volunteer opportunities from several sources and providing customized portals for corporate employee volunteer programs. Along the way, it became the norm for an interested citizen to go online, search by geography or type of activity and sign up to donate a few hours or an afternoon without any previous involvement with or outreach from a particular organization. As the ease of finding opportunities increased, so too did 'episodic volunteering'. Studies from the US, Australia, and the UK point to several reasons, including technology, to explain this (Corporation for National and Community Service, 2006; Bryen and Madden, 2006; NCVO, 2011).

Ten years later, two technologists carved up volunteering even further. By 2010, the rise in smart phone ownership and its pervasive reach shifted innovators' attention from computer desktops to mobile phones and tablets. These devices are particularly well suited to short term, discrete tasks – and this was the design focus behind micro-volunteering pioneers such as Sparked.com. The technology slices voluntary activities into tiny, digital components – tagging photographs, reviewing marketing text, or performing discrete online research tasks – and engages volunteers in completing them on their phones whenever they can. The people who use Sparked expect to find their volunteer opportunity online and finish it on their own timeline. The progression from VolunteerMatch to Sparked shows how technologies changed our understanding of volunteering itself. We are still learning what the parallel phenomenon of giving many small donations means for philanthropy.

Social networks and mobile tools

Digital databases of comparable information are clearly changing fundraising and volunteer recruitment. They also make it easier for organizations to tell their stories. Low cost digital

video, mobile phone cameras, and online mapping software offer nonprofit organizations ready-made tools for storytelling. Perhaps the biggest change is not just how these tools change storytelling, but how they change *who* tells the stories. We have seen a shift from insiders to outsiders in terms of who can tell or carry an organization's message. The stories that reach the greatest numbers of people are those that get created and carried by an organization's community of supporters. Whether it is a video that goes globally viral or a message of protest against an organizational policy, the communications and storytelling strategies in this technological landscape are about portability, engagement, and the use of many different media tools.

Social and mobile media are key accelerators of these changes. Mobile phones have been adopted faster and at a greater scale than any other technology (with the possible exception of early human's use of rocks as tools). In a world of over seven billion people, there are more than six billion cellular phone subscriptions, with India and China accounting for 30 percent of these (Meeker, 2012). This connectivity changes the way people act locally and globally. It enables innovations in banking, health care, disaster response, and education that few would have predicted would be linked to a telephone. And it exemplifies the fundamental shift from a scarcity of information to an abundance that will be at the core to the next round of social sector innovations.

Both mobile and social media shift the boundaries of philanthropy. Organizations are no longer the central source of information: individuals are (Rainie and Wellman, 2012). These individuals may be the beneficiaries of a social innovation, such as the Nigerian farmers who receive government subsidies on their mobile phones (Akinboro, 2014). Or they may be supporters of a cause, such as the hundreds of thousands of people who donate to charity via Twitter, or the millions who watch videos on their phones and pass on the word. Individuals become the carriers of the message about an issue and the fundraisers for it. We use phones to organize our own community and social change efforts, and alert others to our actions. While more than $50 million was raised via text message for relief efforts following the 2010 earthquake in Haiti (Rogers, 2010; Kapucu, Chapter 11), one of the most notable characteristics of the mobile donors was the way they immediately told others about their action. They became not just donors but signalers to other donors (Smith 2012). When the donation tool and the communication tool are bundled together, as in mobile phones, giving becomes a much more social action.

The future impact of mobile phones on the social sector will come not just from their ubiquity, but also from their dual purpose as communication tools and payment systems. An estimated $US 600 billion was moved in 2013 by 200 million active users of mobile money services, with the most frequent use of mobile money payments being in African countries (Simpson, 2014; Smith *et al.*, 2012). For person-person remittance payments, one online website, Remitly, has had a 400 percent year-over-year rate of growth, with its diaspora customers now sending more than $100 million a year over their phones (Reuters, 2015). Clearly, remittances and micro-giving are already a big part of this phenomenon.

Nonprofit organizations have been particularly rapid adopters of low cost social media tools that require relatively small cash outlays, even if they require staff time to maintain and use, and are adopted much more quickly across all sizes of nonprofits than those that require large upfront costs. For instance, the rate of adoption for Facebook or Twitter by nonprofits is much faster than was the move to set up the most basic websites because the social media tools are free to use. Once on board with these tools, nonprofits tend to use them for operational purposes. A 2010 study of American nonprofits in all issue areas found that '92% of nonprofits use Facebook for marketing purposes and 46% use it for fundraising' (Nonprofit Technology Network, 2010) – an arc similar to that of the adoption of websites and email witnessed a decade ago. These uses are tools for

running the organization, however, not for fundamentally reconsidering how services or programs are delivered. But, in the hands of individual supporters or those outside the organizations, these are tools for redrawing the boundaries of fundraising, communications, community mobilizing, and information access.

In sum, digital technologies have a supporting role in each of the major sector changes of the last decade, from impact investing to the kind of organizing that raged across North Africa in 2011 and fueled the Occupy movement. Aggregate data analyses of the sector and crowdfunding are only possible in an age of online communities. With digital technology as their starting point, these efforts are shifting the bounds of where social goods are produced and by whom.

What effect are these technologies having on philanthropy?

The application of technologies to our shared social problems is rewiring who, where, and how we use private resources to solve public problems. The old boundaries between markets and social purpose, individual donors and institutional foundations, and nonprofit organizations and informal communities of action are shifting. There are at least four ways digital technologies are helping pull philanthropy and nonprofits into a new social economy:

- Repackaging – facilitating the breaking down of institutional barriers and unbundling services long seen as inseparable;
- Revaluing – accelerating an emphasis on metrics and standardized data, and serving as the platform on which new forms of data constantly emerge;
- Redefining – creating new categories of action such as micro-volunteering; and
- Repositioning – as technologies make data and information accessible anywhere, we have more opportunities to use our professional skills and corporate structures to facilitate social good.

It is easiest to see these different levels of changes by looking through the lenses of the most familiar actors in the social sector – individuals, nonprofit organizations, foundations, and advisors.

Individuals at the centre

Individuals are the centre of gravity in the new social economy. People with smartphones have instant access to information, payment systems, and networks of other individuals, and they can patch together this mix in any way they choose. They can volunteer in brief moments for organizations they have never visited, using their phone as a tool to tag photographs of moon craters or identify park benches in need of repair (see ClickFix.com). They hear about a natural disaster within minutes of its occurrence on Facebook or Twitter, make donations via text message or a linked mobile transfer system, and alert their own networks of the event and their donation. They can organize small beach cleanups or global protest movements, check the legitimacy of an organization's tax exempt status, or voice their outrage and join others in changing both government and organizational policy. In just the first three months of 2012, Americans used social and mobile media to organize and join a national protest that led to changes in proposed legislation about internet piracy and forced an international nonprofit foundation, the Susan G. Komen Foundation, to change an announced funding policy (Kliff and Alzenman, 2012). They can raise money for projects or causes they care about with the ease and reach once available only to paid professionals.

Effects on nonprofits

Nonprofits are not only using technology, but are being used by it. A common challenge for nonprofits is keeping their listings up to date on all the online platforms that exist to raise funds. They face increasing demands for information from individual donors, foundations, and these third party platforms that provide external ratings and recommendations to donors. Social media appeal to many organizations because of their low capital costs. But as several high profile cases have shown, from social media backlash against the Susan G. Komen Foundation to funding scandals found through online databases, these tools set a bar for transparency and engagement that most nonprofits are ill equipped to meet.

Endowed foundations show the fewest signs of technological disruption so far (Smith, 2010). A few are taking steps to be much more visible and transparent – using social media and online communities to generate, fund, and share new ideas (Brock *et al.*, 2013). This is most common in the rise of 'innovation challenges,' which have become a standard part of the philanthropic landscape in the last decade through dedicated organizations such as the X Prize Foundation (xprize.org), shared platforms such as Innocentive (Schneider, 2013) or Ashoka's Changemakers (ashoka.org/changemakers). The website, glasspockets.org, launched by the Foundation Center in 2010 is intended to help foundations understand the value of transparency and be inspired to be more open in their communications; more broadly, the goal is to 'galvanize a transparency movement within philanthropy' (Camarena, 2011: 9).

Foundations are also using databases and shared data standards to facilitate some increased collaboration. For example, the WASH Funders portal (washfunders.org) at the Foundation Center is intended to map their grantmaking by issue and geography, making it easier (though not common) to generate shared strategies. Similarly, the pilot initiative Strategy Landscape from the Center on Effective Philanthropy and Monitor Deloitte was a data visualization tool to categorize and coordinate grantmaking strategies across funders; unfortunately, it failed because the demand was not as strong as anticipated and groups used the tool differently than expected, requiring greater technological flexibility than was feasible (Bolduc, 2013). Databases of shared metrics, such as those produced by the Center for Effective Philanthropy (effectivephilanthropy.org), have also facilitated benchmarking of performance by individual foundations and an industry-wide, at least in the US, discussion about best grantmaker practices. A small but influential number of foundations are using real-time grantmaking streams and databases, facilitated by open source grants management packages (FLUXX) or common taxonomies (IATI). Some community foundations have signed on to open source (e.g. Creative Commons) licenses that allow people to use and build upon the content of their published work so as to 'realize the full potential of the content we create, in ways we've never anticipated, and from allies we've never met' (McCort, 2015).

Digital tools make it as easy to collaborate with someone across the globe as with someone across the room. Social networks have helped us build communities of interest that range from cute cats in sinks to mobile health applications and micro lending. We can find – and work with – the people who share our interests or complement our skills, no matter if they work for the same organization – or kind of organization – that we do. This, along with demographic trend, employment statistics, and corporate practices feeds the creation of a fluid workforce. We have lower expectations about lifetime employment and few delusions of working for any one institution for a long time. Our professional networks cross organizational boundaries; we do not expect all of the skills or opportunities to exist within our own institutions. This goes beyond computer scientist Bill Joy's maxim that 'no matter where we work we should expect that the smartest people work elsewhere' (Lakhani and Panetta, 2007). Rather, it leads to working styles and institutional expectations that are more fluid, more collaborative, and more permeable.

There are two highly visible trends that exemplify this reality in philanthropy. The first is the rise of philanthropic prizes. As McKinsey and Company noted in its 2009 report, *'And the Winner is …'* the value of philanthropic prize competitions more than tripled in the 2000s (McKinsey & Co., 2009). Problem solving prizes, in which a reward or incentive is offered to whoever can solve 'x' problem are premised on the idea that the necessary expertise exists outside the funder's usual networks. That it may reside in an individual or a commercial venture is the assumption that drives so many such prizes to be 'ecumenical' about who can submit a solution. From agricultural innovation to fostering new types of journalism, there are increasing numbers of prizes, incentives, challenges, and grant dollars being used to attract social solutions from anywhere and anyone.

The permeability of institutional form is also seen in an increasing number of private/private partnerships in which the first is private philanthropy and the second private is commerce. The Bill and Melinda Gates and MacArthur foundations currently partner with private equity and venture capital investors to fund StartL.org, an incubator for digital education businesses. The Mozilla Foundation, a nonprofit that receives much of its earned income from commercial partnerships with search engines, is leading an effort (openbadges.org) to use online badges as certificates of accomplishment in the real world, not just in the games and virtual worlds from which they spring. These badges are meant to be signals of skills and accomplishments, such as diplomas and university degrees have been for centuries, which individuals would earn and use throughout their lives, expanding their skills and their job worthiness.

As in many other sectors, the real impact of technology is being felt at the edge. Although philanthropy advisors are not new, and established advisory services are not leading with technology, technology is drawing in a new form of advisor. The ecosystem of rating and review sites, for example, not only provide standalone data for independent analysis, they serve as a resource to independent advisors. Independent advisors who customize it to meet the interests of their clients often use the indepth research from Givewell.org or similar websites. Family offices, wealth management firms, and private banking advisory firms thrive on these third party data sites.

Peer-to-peer learning is a defining characteristic of the new collaborative economy, and giving circles – although not entirely new – are a prime illustration. While there are no universal statistics on giving circles, these peer groups seem to be one of the most pervasive forms of philanthropy learning (Eikenberry and Breeze, 2015). In less than two years, the Awesome Foundation expanded from ten friends in Massachusetts to more than 40 cities in eight countries (Awesome Foundation, 2012), the growth made possible by the group's native existence on social media sites and the internet.

The change in advisory services and peer-to-peer learning today is similar to the change that took place in philanthropy with the rise of donor advised funds (DAFs) two decades ago. These products, offered by major financial institutions, showed that the 'package' of staff expertise with financial management that foundations offered could be unbundled. Donors quickly created billions of dollars of DAFs and went without staff support. The rise of third party verification databases and recommendation and ratings sites now seems to be breaking apart the advisory side again. Peer networks allow individuals to assess the 'human capital' element of an organization or project – giving them access to trusted friends or colleagues from whom or with whom to assess the people behind an endeavour. The independent rating or legitimacy data from Guidestar provides enough objective data to assess the organization or see it in comparison to potential peers. These two types of information – credible independent data and subjective assessments of people and talent – have always been part of donors' decision-making. Technology is simply separating them into databases and social networks and allowing donors to mix them together as needed.

As data about nonprofits, issues, independent projects, social enterprises, revenue flows, other investors all becomes available, and people can activate or join networks with the phone in their pocket, many of the established sector behaviours start to blur. The issue of current interest – be it climate change, education, art, or activism about internet access – comes to the fore. With one device, individuals can give money, take action, rally support, and compare opportunities. The established lines between nonprofits, individuals and investing shift to the background, and the individual and his or her interest moves forward. Technology is not the only force, or even the primary motivation, for these shifting sector lines, but without it the change would be neither as fast nor as broad.

What new research do we need?

Technology – particularly the global, mobile and digital networks to which two-thirds of the global population is connected – changes not only how we solve problems but also how we define them. In what is likely to be a cycle of disruption and recombination, technology allows us to break down known existing institutions or industries into component parts and then combine them in new ways. Currently, we are at the breakdown stage: the current effect of technological tools on philanthropy has been to drive it toward ever smaller actions – think of text donations, micro-volunteering and gifts of nickels embedded into cash register purchases. Digital technologies have made it ever easier to give smaller and smaller amounts of money or time. Online databases, powerful because they are huge, are largely used to find small discrete bits of information. The big question is whether or not these little bits can be aggregated into big change.

Think of how private donors can now easily provide classroom supplies and field trips to individual classroom teachers. Does this turn their attention away from larger school policy issues? Online platforms make it possible for anyone with $25 to make a loan to entrepreneurs across the planet; does this shift how philanthropy addresses global poverty? These technologies help us break down complex problems into manageable bits and make it very easy for more people to participate.

A second step, however, is for size to become a factor in the power of the network. Making it easy to participate is one step, making the whole add up to more than the sum of its parts is the next step. Most of the research to date has taken our existing frameworks for donor motivation and behaviour, and looked for these online. A new research frame would begin with an understanding of the nature of online networks and see how these instruments are nudging behaviour or shaping attention.

Our technologies make it both possible – and necessary – for disparate projects in different places with different funders to be sorted, categorized, and displayed along common criteria. This, in turn, feeds the desire to be able to compare such programs along shared measures of outcomes, and again, the technology makes such a long sought after dream more possible than ever before. Thus we have commercial and nonprofit funders developing common standards and measures so they can compare and contrast nonprofit and commercial projects by a single set of standards. In the last few years alone, we've seen the launch of the Global Impact Investing Reporting Standards (GIIRS), the development and use of shared reporting standards for international aid (IATI), and the launch of online 'stock' exchanges for widely disparate programs, all of which need to report out against standardized sets of outcomes. What we may be moving toward is a better understanding of what types of money and enterprise are best suited for which kinds of social problem solving.

Finally, massive databases, search engines, mobile phones with cameras, social networks, and an internet on which anyone can write, report, and investigate their surroundings have changed

how we share information. Low cost mobile phones with texting and camera capabilities make it easy to imagine tracking your dollars to their final place of use. Early examples of this can be seen in the clean water movement, where organizations that build water wells are using local residents as monitors of those wells: residents snap photos that get uploaded to websites and allow anyone to check in and make sure the well is still functioning. The tie between donor and beneficiary gets closer and a direct feedback loop is now possible. There is great potential for a new discipline of evaluation and design that fully incorporates this kind of feedback.

The new social economy

The more we examine the effects of technology on social good, the more we see that there is something bigger at work here than just the nature of smart phones, tablets, and server farms. What these devices do is store and share data. Every time we interact with them, we create more data; these data, in turn, become useful. These datasets – and the people who know how to build applications on top of them, use them to shape behaviour, feed them back to those who want them– are the links in the chains between the edge innovators and the core institutions. They become the currency of connection and of change.

Anyone who has ever shared a photo taken with their cell phone has changed the data archive of minor (and perhaps, major) news events. Anyone who has ever sent a donation by text message has changed the data landscape of giving. Everyone who signs the typical release form when they visit their doctor may contribute to the tissue database from which a cancer cure is found. Balancing an individual's right to privacy and right to one's private data with the potential public benefit that massive datasets can produce requires us to expand our 'real world' definition of the public sphere and public goods to include the world of online databases, cloud computing, and 'virtual' communities.

Data change how we think about solving shared social challenges. Medical breakthroughs are accelerated by data that are shared across research institutions. Data from emergency rooms and police stations helps homeless shelters better serve their clients. Foster care programs can help children stay in school during family transitions, and foundations are starting to share grant information so they can better align their strategies.

The combination of established institutions, new technologies to manage and mine data, and social change innovators constitutes the most fertile ground for change. It is here we see nonprofits such as the Public Library of Science disrupting scientific research and the universities and publishing houses that support it. It is here we see peer-to-peer market condition monitoring among rural farmers. And it is here that we see the use of Twitter to predict pandemics and mobile phone photography to monitor water wells. Each of these small acts races up the networks that makes them possible and challenges the basic assumptions about how to organize the work.

Conclusion: What new rules do we need?

The new social economy is built around data. How it moves, who owns it, what they can or cannot do with it – the technological rules for these activities – become pertinent faster than the legal rules can keep up. Three primary areas of regulatory concern in the new social economy include: issues of data ownership and transparency; the relationships between the new enterprise forms that data makes possible, including social/commercial hybrid, multinational NGOs and those organizations that 'donate' their data; and public accountability about public subsidized organizations in the new social economy.

Anything that can be digitized can become data. It is not just numbers but also photos, videos, cell phone calls, text messages, Facebook posts, and blog comments. Soon it will be three dimensional objects. Every time we interact with each other digitally, we leave a trail of information behind us that reveals where we were, whom we connected with, how often we looked at something, and what we did with the information we used. Data flows regardless of organizational structure. They allow a type of monitoring from the field – with photos or text messages – that has never before been possible. They allow people to connect with other people – with or without organizational intermediaries – in ways that are truly disruptive.

Nonprofit organizations and philanthropists face these concerns. Even as they push to put more information online, they must worry about security concerns. Some organizations, such as human rights advocates, child serving enterprises, or those that deal with domestic violence have high security needs. For political activists, in many parts of the world, the digital tools that make communication so easy are a real threat, as it makes them (and all of us) easily traceable. Experts from the Tactical Technology Collective, a Berlin-based technology training program for human rights activists, spend lots of time helping individuals and organizations understand and manage their 'digital shadows,' the trail of data we leave behind with every click, text, and call.

Tactical Technology Collective is one example of a new class of nonprofits – technology support organizations – that have developed in the last decade. From TechSoup Global, which has a presence in dozens of countries to local co-ops of 'techies' who work with nonprofits, this is an entire field of expertise and network of organizations born in the last two decades. Fast forward to the current day and we find similar networks of techies working together, through even looser affiliations such as GeeksWithoutBorders, Random Hacks of Kindness, and Campus Party. These individuals are acting on the same do-good impulses, but with all the benefits of 20 years of network building. They build and share free software, put open source tools such as Ushahidi to work, solve problems collectively and in 24 hour globally distributed ways.

These coders and hackers have become a force unto themselves. CrisisCamps built and distributed several no cost software tools during the Haiti earthquake. Networks of volunteers from one event will reassemble weeks or months later for the next opportunity to donate their skills for the benefit of a cause. These individuals, their networks and even their tech firm employers are becoming a vital part of the social economy.

There is another level at which data matters in the social economy. More than just an instrument of change, some datasets are also public goods. Consider all of the data collected over the years by government agencies – anonymous, massive datasets on our collective health, wealth, education, demographic makeup, and so on. Public access to these public datasets is driving major policy changes and major public technology investments. The current legal structures that define charitable activities or that privilege certain public goods with tax exemptions say nothing about data. They say nothing about any public good created digitally, such as open source software used for emergency response. They also say nothing about access to these resources. The old codes that regulate privately funded public goods – the rules that guide the social sector – will need to change.

What are the guiding principles, in the nonmarket, non-governmental space, for how these data are owned, used, and shared? Who needs to report out on what information? These questions cut into issues of ownership, transparency, and accountability. They are currently mediated by policies in the realm of telecommunications, intellectual property, privacy, and corporate governance. A new frame for how we want these resources made available for shared social good, while protecting the rights (and safety) of individuals, is needed. Balancing personal privacy with the public good that can be generated from aggregated information will be a defining legal and social question in the next decades.

References

Akinboro, B. (2014) Bringing mobile wallets for Nigerian farmers, Consultative Group to Assist the Poor. www.cgap.org/blog/bringing-mobile-wallets-nigerian-farmers [Accessed 31 May 2015].

Awesome Foundation. (2012) Home. www.awesomefoundation.org/ [Accessed 15 June 2014].

Benkler, Y. (2006) *The wealth of networks: How social production transforms markets and freedom*. New Haven, CT: Yale University Press.

Bolduc, K. (2013) Lessons from a risk taken. Center for Effective Philanthropy, 25 April. www.effectivephilanthropy.org/lessons-from-a-risk-taken/ [Accessed 20 May 2015].

Brock, A., Buteau, E. and Gopal, R. (2013) *Foundation transparency: What nonprofits want*. Cambridge, MA: Center for Effective Philanthropy.

Bryen, L. and Madden, K. (2006) Bounce-back of episodic volunteers: What makes episodic volunteers return. Working Paper CPNS 32. Brisbane: Queensland University of Technology.

Camarena, J. (2011) Advancing transparency in philanthropy, *Responsive Philanthropy*, Spring. www.ncrp.org/files/rp-articles/Responsive_Philanthropy_Spring2011-AdvancingTransparency.pdf [Accessed 26 May 2015].

Corporation for National and Community Service. (2006) *Issue brief: Volunteer growth – A review of trends since 1974*. www.nationalservice.gov/pdf/06_1203_volunteer_growth_factsheet.pdf [Accessed 20 June 2012].

Eikenberry, A. M. and Breeze, B. (2015) Growing philanthropy through collaboration: The landscape of giving circles in the United Kingdom and Ireland, *Voluntary Sector Forum*, 6(1): 41–59.

GuideStar. (No Date) *Money for good II*. www.multivu.com/players/English/52621-guidestar-and-hope-consulting-money-for-good-II/ [Accessed 16 June 2014].

Kliff, S. and Alzenman, N. C. (2012) Komen foundation revises funding policy, *Washington Post*, 3 February. www.washingtonpost.com/business/economy/komen-revises-funding-policy/2012/02/03/gIQAVRa3mQ_story.html [Accessed 29 May 2015].

Lahkani, K. and Panetta, J. (2007) Principles of distributed innovation, *Innovations: Technology, Governance, Globalization*, 2(3): 97–112.

Lomax, P. and Wharton, R. (2014) *10 innovations in global philanthropy*. London, UK: NPC. www.thinknpc.org/publications/10-innovations/ [Accessed 27 May 2015].

McCort, K. (2015) Open policies unlock our full potential, *Vancouver Foundation*, 6 May. www.vancouverfoundation.ca/whats-new/open-policies-unlock-our-full-potential [Accessed 26 May 2015].

McKinsey & Company. (2009) *And the winner is…. Capturing the promise of philanthropic prizes*. New York, NY: McKinsey & Co. www.mckinseyonsociety.com/capturing-the-promise-of-philanthropic-prizes/ [Accessed 20 June 2014].

Meeker, M. (2012) Internet Trends: D10 Conference, *All Things D*, May 30. www.allthingsd.com/20120530/mary-meekers-internet-trends-live-at-d10-slides/ [Accessed 21 June 2014].

National Council of Voluntary Organisations (NCVO). (2011) *Third sector foresight: Trends in volunteering*. www.ncvoforesight.org/drivers/trends-in-volunteering [Accessed 18 June 2014].

Nonprofit Technology Network. (2010) 2010 nonprofit social networking benchmarks report, *Nonprofit Technology Network*. www.nten.org/blog/2010/04/20/2010-nonprofit-social-network-benchmark-report [Accessed 25 June 2014].

Open Society Foundations. (2014) *Mapping Digital Media Project*. New York, NY: Open Society. www.opensocietyfoundations.org/sites/default/files/mapping-digital-media-overviews-20140828.pdf [Accessed 10 January 2015].

Ottenhoff, B. and Ulrich, G. (2010) *Money for good*. San Francisco: Hope Consulting. www.hopeconsulting.us/work/money-for-good. [Accessed 16 June 2014].

Rainie, L. and Wellman, B. (2012) *Networked: The new social operating system*. Cambridge, MA: MIT Press.

Reuters. (2015) Remitly raises $12.5 million to transform the way people send money globally. www.reuters.com/article/2015/03/19/idUSnMKWb3KwRa+1ca+MKW20150319 [Accessed 1 June 2015].

Rogers, K. (2010) Haiti donations, *The Nonprofit Times*, 1 April. www.thenonprofittimes.com/article/detail/haiti-donations-2519 [Accessed 20 April 2013].

Schneider, S. (2013) The power of the crowd, *Alliance*, 18(1): 24–5.

Simpson, R. (2014) *Mobile payments and consumer protection*. London, UK: Consumers International. www.consumersinternational.org/media/1439190/ci_mobilepaymentsbriefing_jan14_final.pdf [Accessed 1 June 2015].

Smith, A. (2012) Haiti text donors and their experiences giving to earthquake relief, Pew Research Center, 12 January. www.pewinternet.org/2012/01/12/haiti-text-donors-and-their-experiences-giving-to-earthquake-relief/ [Accessed 28 May 2015].

——., Anderson, J. and Rainie. L. (2012) The future of money in a mobile age, Pew Research Center. www.pewinternet.org/2012/04/17/the-future-of-money-in-a-mobile-age/ [Accessed 20 May 2015].

Smith, B. (2010) Philanthropy's digital divide, *Philanthropy News Digest*, 3 May. pn www.dblog.typepad.com/pndblog/2010/05/philanthropys-digital-divide.html [Accessed 27 May 2015].

Wasserman, S. (2012) The Amazon effect, *The Nation*, 18 June. www.thenation.com/article/168125/amazon-effect [Accessed 20 June 2014].