developmental assistance channels. This frees them up to act directly and quickly. It also means that they are not bound by international conventions. Citizens of developing countries can challenge the decisions of the U.S. Agency for International Development or the United Kingdom Department for International Development through the Paris Declaration on Aid Effectiveness, the Accra Agenda for Action, and other means. Private foundations generally act outside that international structure. “They’re large concentrations of wealth, largely unaccountable to the public,” says Robert Arnowe, professor emeritus at the Indiana University School of Education, “and I think ultimately what they’re doing can be considered corrosive to democracy.”

Lack of centralized data and scholarly attention means that the evaluation of private foundations is left in their own hands. Can foundations replicate successes? Can they scale up? Do they reach the poorest of the poor? Are they more effective than government programs? “We just don’t know,” says Srivastava. The No. 1 recipient of grants from American foundations in 2008 wasn’t Uganda; it was Switzerland. Other top 20 recipients included England, Canada, Germany, Australia, and France. As to where that money goes after it reaches individual organizations, those data aren’t publicly available. And information on American private foundations is comparatively abundant, says Srivastava. “We don’t know anything about what’s happening with Indian foundations, or South African foundations, or Brazilian foundations.”

The people who started these foundations “get heard quickly by governments, by U.N. organizations, and by large donors.” But concrete information is missing. Scholars should be listening, too.


POVERTY

Welfare Works Better than Bootstraps

► Americans may have overthrown the monarchy and built the land of opportunity, but economic mobility is higher in Great Britain than in the United States. In Britain, the social safety net allows people who fall into poverty to pull themselves out. Americans who become poor are more likely to stay that way.

Research in the 1980s and 1990s showing that poverty was often short-term and not limited to an “underclass” helped motivate social policy shifts away from income redistribution. But it gradually became clear that this view of poverty as transient was partly a result of measurement error, says Peggy McDonough of the University of Toronto. “People over- or underestimate their income,” McDonough says. “Any time you ask people questions about income, the data you obtain are problematic.”

Using more recent statistical methods that take measurement error into account, McDonough and colleagues revealed a more stagnant picture. They looked at transitions into and out of poverty between 1993 and 2003 in the United States and Britain, which are similarly liberal welfare states. “Poverty persistence exists in both societies, but it is clearly more prevalent in the U.S.,” says McDonough. And the risk of staying poor is not equally distributed. Lack of education increases the risk of persistent poverty by 14 times in the United States, but by only 4.5 times in Britain. Not being white quadruples the risk of persistent poverty in the United States, and only doubles it in Britain.

The researchers credit British policy with the nation’s relative social mobility. “British social programs are associated with a 40 percent decline in the proportion of people who are persistently poor, compared to the United States, which has only a 3 percent drop,” says McDonough. “Britain’s stronger safety net, as well as their explicit commitment to reduce poverty, seems to have made a difference.

“I think it all comes down to how you as a society respond to those most vulnerable within it,” McDonough says. “Do you cut them loose and say: ‘You’re on your own—we did it, now you go do it, too’? Or do you say ... we as a society are going to try to mitigate inequalities? It’s a choice of the society, and America has always been more individualistically based than other social democratic countries.”

The distinction may now be fading. Since the 2010 election, Britain “is making deep cuts to social program spending with the David Cameron government,” says McDonough. “It will be interesting to see whether persistent poverty increases in the coming years.”


SOCIALLY RESPONSIBLE BUSINESS

Turning a Profit by Helping the Poor

► Politically radical social workers didn’t expect to be working in a bank any more than white-collar bankers expected to be holding meetings in a crowded public market. The microfinance loan officer is a unique sort of professional, and when commercial microfinance began, there weren’t any of them. New types of hybrid organizations always have to make up institutional culture from scratch. “When you don’t have a ready-to-wear model for how to function and you’re trying to combine these divergent logics, two key issues are ‘Who should you hire?’ and ‘How do you socialize them?’ to make money without losing track of the social mission,” says Julie Battilana, assistant professor...
of business administration at Harvard Business School.

Two of the first social development NGOs to transition into commercial microfinance organizations in the early 1990s—both in La Paz, Bolivia—handled the tension in different ways, and with differing success. At Banco Solidario (BancoSol), a visionary leader named Francisco “Pancho” Otero hired seasoned social workers and anthropologists, bankers and lawyers. He created a strong institutional culture around shared development goals that inspired deep commitment from employees. “His big mistake was thinking that would be enough,” says Silvia Dorado-Banacloche, a professor of entrepreneurial management and law at the University of Rhode Island who conducted extensive interviews during BancoSol’s transition period. Otero believed that “by becoming a commercial bank the only thing that changes is the back office.” But BancoSol’s identity soon began to split. Social workers accused bankers of hindering development activities with their nitpicky rules and procedures; bankers considered social workers “dangerous idealists.” The schism paralyzed the bank, which recovered only after it replaced most of the development-oriented staff.

Caja de Ahorro y Prestamo Los Andes saw what was happening at BancoSol and took a different approach. The bank hired recent college graduates and molded them into employees who could pursue development and banking objectives. The extensive training slowed the bank’s growth, but Los Andes maintained a commitment to its hybrid mission and even tackled the notoriously difficult agricultural market.

BancoSol eventually adopted some of Los Andes’ hiring and socialization practices. “I think if you were one of the social worker diehards, you might say the bankers won; but I think the bankers would say we’re very different bankers,” says Michael Chu, former chair of BancoSol. The conflict between profit and social impact “is a tension that can be resolved,” he says.

How? “Any organization that is doing well by doing good will be served by trying to develop their own people,” says Dorado-Banacloche. “It is very important to translate lofty visions into measurable goals.”


Civil Society

Online Gaming Is the New Bowling League

► Video games are good for you—and good for democracy, too. With all the talk of violence, addiction, and isolation, such an idea is not intuitive. But a recent study showed that online game communities provide access to social capital. “Online gaming has a positive effect not only on each gamer’s life, but also on society as a whole,” says Tetsuro Kobayashi, a social psychologist at the National Institute of Informatics in Tokyo.

“Online game players have been seen as nerds or socially less skilled, lonely people,” says Kobayashi. This seemed strange to him, since gamers who have

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