

Feminization of 21st Century Philanthropy

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ABSTRACT

Philanthropy is no longer the domain of wealthy men. At its essence, philanthropy is a gift of time, talent, or treasure to benefit others, and women of all cultures and races are becoming some of the most powerful philanthropists in the world.

This paper theorizes that women, in fact, may be the leaders in the field of philanthropy for three reasons: powerful giving, empathetic giving, and connected giving. With women on a trajectory to control two-thirds of the wealth in the U.S. by 2030, their compassionate natures and collaborative work efforts will be major influences in 21st century giving.

INTRODUCTION

The label, philanthropist, generally conjures a notion of a wealthy white man making a large donation to a charitable organization. This image emanated from 19th century America when a new class of ultra-rich capitalists like Rockefeller, Carnegie, Vanderbilt, and Astor began to use their wealth to improve their communities.

However, philanthropy is not a contemporary phenomenon but has existed since civilization began. The word is derived from the Greek *philos*, meaning a virtuous love of friends, family and community and *andros*, a word element meaning man or mankind. In its broadest definition philanthropy is the love of mankind. In essence, philanthropy is a gift of time, talent, or treasure to benefit others. The word does not imply either wealth or gender. It does connote service.

Any person of any age, color, nationality, or financial condition can be a philanthropist. Yet society continues to personify philanthropists as men. An Internet search of “prominent philanthropists” will show Buffet, Bloomberg, and Zuckerberg, all American men. They are indeed generous and impactful in their giving, but many women have joined the ranks of the world’s leading philanthropists. Melinda Gates, Oprah Winfrey and recently, MacKenzie Bezos, are recognized as major donors who are changing the complexion of philanthropy. They and other powerful women have shown a dramatic increase in philanthropic leadership due to demographic, cultural, and economic factors in the 21st century.

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As more women have entered the field of philanthropy at many levels, the nature, as well as the face, of the field of philanthropy have changed. The differing styles of men's and women's giving have resulted in divergent attitudes, work styles, and fundraising strategies. Leaders of charitable organizations need to recognize and accommodate the paradigm shift of the feminization of philanthropy.

For purposes of this article, a few underlying assumptions are made. First, is that *philanthropy* will be considered to be *impactful philanthropy*, connoting major financial support. Second, any tax motivations will be viewed as gender-neutral, meaning that no studies exist to show that neither men nor women are motivated to give because of tax consequences alone. Lastly, most of the research cited is based on American studies. However, unless specifically indicated, the gender differences discussed are transferable to global societies and cultures. Philanthropy is not unique to the United States.

BACKGROUND

Philanthropy, as we know it today, is an outgrowth of capitalism. Never-before-seen wealth was accumulated by industrialists in the 19th century, who in turn gave away masses of their money to build libraries, hospitals, and churches. "The women behind the men" were often influential in the way that charitable dollars were invested, yet the general rule was that the men were the money-makers, so they were viewed as the decision-makers in charitable giving. Even in this male-focused model of philanthropy, women have always been instrumental in making charitable decisions. The Center of Philanthropy's 2011 study found that women are involved in as many as 90 percent of household giving decisions, either as sole or joint decision-makers.

During the 20th century, women became more prominent in their own right. In the early part of the century, they earned the right to vote and to choose careers outside of the household. The feminist movement and increased economic independence in the late 1960s and 1970s gave women a strong voice. Women in the workforce labored and sacrificed in efforts to "break the glass ceiling." Gender parity, especially in salaries, has not yet been achieved in the workplace, but women's economic influence continues to grow. The progress in female economic power has initiated changes in the philanthropic field as well.

Recent research about giving has recognized the transformations that women have effected. Work at the Indiana University's Lilly School of Family Philanthropy has provided significant research using a gender lens to investigate facets of charitable giving, including the motivations and behaviors involved. One of its more recent reports, *Women Give 2019: Gender and Giving Across Communities of Color*, shows that women of all races and ethnicities are leaders in their community giving. Many other studies predict that the number of women philanthropists will continue to grow in the next decades. Therefore, it is important to recognize and address the differences in styles and attitudes that female philanthropists of all colors represent. The face of philanthropy in the 21st century is female.

This article will expound on gender differences by describing characteristics of women's philanthropy through three lenses: powerful giving, empathetic giving, and connected giving.

WOMEN, WEALTH AND POWERFUL GIVING

Women today possess more wealth today than ever before. Exhibit 1 presents some statistics to illustrate the importance of women's economic empowerment. In general, there are two major reasons for women's growing financial muscle. The first is that women are earning their own fortunes at a fast pace. As women have become higher educated in greater numbers, they have been enjoying progress in their career fields and have been working their way to top management. They have earned disposable incomes of their own. They have achieved success in investing as well. The number of women with six-figure incomes is rising at three times the rate of men. As women's incomes have risen, they have been shown to be more likely to give to charity. (White, 2016)

Another overarching reason for women's financial power is that women are becoming the recipients of massive transfers of wealth. The majority of men have left the bulk of their estates to their wives, and women in recent years have amassed great wealth from their spouses. Statistically, women outlive their husbands by six years, so the amount of marital inheritance is predicted to continue to increase in the future. Women are also inheriting from their parents and grandparents in increasing amounts. One estimate is that women inherit 70% of all U.S. estates, 48% of which are in excess of \$5 million. Other predictions state that by the year 2030, women will control two-thirds of all the wealth in the United States and will inherit \$29 trillion. (Chiu, 2018).

The increase in intergenerational transfer of wealth gives women a strong voice at the philanthropic table. Currently, they head family foundations and charitable organizations in record numbers, resulting in strong leadership in philanthropic endeavors. Whether they earn, marry, or inherit, women have significant financial force, and they are using their wealth for societal change and impact. It is likely that in years to come, women will be making decisions around the transfer of wealth and bequests to charity.

GENDER DIFFERENCES IN CHARITABLE GIVING: EMPATHETIC GIVING AND CONNECTED GIVING

The Center on Philanthropy at Indiana University published a comprehensive report, *The 2011 Study of High Wealth Women's Philanthropy*, where a deliberate effort was made to differentiate philanthropic motivations and attitudes of wealthy donors using a gender lens. Research has found that single women are more likely to give and in higher amounts than single men. The study also showed that the effects of age, marriage, divorce, income, education, and employment all shape the giving preferences of individual men and women. (COP, 2015)

Men and women are different, not only in biology. Gender influences have also been researched in the fields of psychology, neuroscience, sociology and others. These differences can be distilled into two major dimensions that influence women's philanthropy: empathy and connectivity.

Empathetic giving

Women are nurturers by nature. Extensive gender research exists that identifies women as being more collaborative, communicative, creative, consensus builders, networkers, and optimistic than men. All of these characteristics are important to the field of philanthropy. Experience shows that women are empathetic givers.

Throughout history, women have been caretakers, not only for their families but also for those needing help in their communities. Women have traditionally cared for widows and orphans, teaching children, and nursing soldiers on the battlefield, for example. Women in families traditionally have been the instructors of the young, teaching them ethical values and grooming.

Such empathetic tendencies translate into their charitable giving. According to a research study at the University of Zurich (2017), the female brain reacts more strongly to prosocial

behavior. For women, the idea of helping others triggers a stronger reward signal, while male reward systems respond more strongly to self-centered behavior. The female tendency toward generosity results in women giving to a wider variety of charitable causes than men. Women want to improve the world, not just their own lives. Their giving is more personal and based on gender standards like passion, moral values, responsibility, and vision.

Management research has shown that women are better at teamwork, and they are willing to collaborate to achieve their societal goals. They tell stories to make their points and use social media to communicate their efforts and to inspire others. Like the lyrics from “Hey Jude,” they want to give a “sad song a happy ending.”

Men’s charitable giving has been shown to be more directly related to their own lives. They tend to make donations to their alma maters or other charities that they know and support annually. Men’s philanthropy often results in buildings or programs named for them. Men generally welcome recognition for their donations, whereas women have been shown to be less interested in recognition and more interested in accountability and outcomes assessment when they give. (Damen and McCuiston, 2010)

Connected giving

Women are accustomed to volunteering and community service, resulting in connected giving. Seventy-five percent of women, versus sixty-five percent of men, are active volunteers in their communities whether at schools, houses of worship, or charitable organizations. A further, thirty-five percent of women, as opposed to twenty-six percent of men, are engaged in active fundraising for causes they support. Women volunteers understand their charitable organizations from the inside. Melinda Gates emphasizes that women best know their communities, saying “they know what needs to get done.”

Women have an inclination to connect to situations they identify as needing improvement. They want to fix problems. When they volunteer, women want to see results and to make a difference. Because of their collaborative nature, they often recruit other women to join in their charitable work.

As a result, women have initiated a new model for philanthropy: giving circles. Groups of influential women at the community and grassroots level have joined together to make powerful

changes in their communities. Donors pool their resources, research topics, educate members and make collective decisions about causes to support. Giving circles, mostly female, are examples of informed grantmaking.

Giving groups also have a social aspect that appeals to women. Women bond with each other as they address issues of common concern. In times past, women gathered in quilting bees. Today book clubs are popular women's groups. Giving circles are a new way for women to connect.

Giving circles and women's funds are cultural phenomena that allow women to organize and promote a social agenda. These relational networks create opportunities for members to become knowledgeable about and active in their communities. Working collaboratively, they acquire social and civic skills and learn how to listen to and trust others. Giving circles also allow members to participate at different financial levels so that collectively they can leverage their philanthropic resources to make a bigger impact. (COP, 2011)

Another way that women are connected to their causes is their leadership in charitable organizations. More and more women leaders are reaching the pinnacle of the foundation world. They serve as trustees and directors of foundation boards. Women are now at the helm some of the biggest grantmaking operations in the U.S. They are also taking the lead in building donor networks and donor-advised funds, which play a fast-growing role in tapping new sources of funding and aggregating resources for different causes. They have significant influence over how substantial philanthropic resources are being deployed. Whether derived from family fortunes, foundation endowments or giving circles, women are increasingly working together to direct financial resources to causes with which they connect.

CONCLUSION

The increasing importance of women in philanthropy does not mean that men should be ignored. Instead, charitable organizations and fundraisers need to recognize that the female voice is powerful when philanthropic decisions are made. Women are deeply engaged in the process, and their input should be equally valued.

Women are on a trajectory to control most of the wealth in the U.S. They have shown that they are powerful givers who must not be overlooked or underutilized. Their philanthropic styles

differ from men because women have shown that they are more compassionate, connected donors who want to know that their contributions will make a difference.

As women continue to increase their power and influence in philanthropy, fundraisers and charitable organizations need to re-evaluate their strategies. Women want relationships with causes that they support. Organizations need to reach out to engage women with stories, site visits, collaborative opportunities, and explanations of outcomes. A better understanding of how gender differences impact philanthropic behavior will help to harness the experience, influence, and wealth possessed by women to improve the lives and situations of others.

Exhibit 1 Power of Women’s Wealth and Influence in the 21st Century

Female millionaires in the U.S.	45%
Wealthy women who made their own fortunes	60%
Increase in the number of large firms owned by women	57%
Increase of women with six-figure incomes	300%
U.S. estates inherited by women	70%
U.S. estates worth more than \$5 million controlled by women	48%
Top wealth holders in U.S. who are women	43%
Total personal wealth in the U.S controlled by women	51%
Increase in private wealth held by women between 2010 and 2015	50%
Rate of increase of women versus men who give to a charity where they volunteer	32%
Women interested in sustainable (social impact) investing	84%
Estimated percentage of women who will control all wealth by 2030	67%

Source: White, 2016 and Chiu, 2018

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