



INDEPENDENT
SECTOR

NINE KEY TRENDS

AFFECTING THE CHARITABLE SECTOR

The evolving context for the charitable sector over 20 years: **Six assumptions and three critical uncertainties**

This and the following four pages articulate Independent Sector's view of the changes that will shape the charitable sector's operating environment in profound and unavoidable ways over the coming two decades.

THREE ASSUMPTIONS ABOUT NATIONAL AND GLOBAL-LEVEL FORCES

1

Disruption from inequality and environmental degradation

2

Greater ethnic diversity and new generations of leadership

3

Technology transforming learning, gathering, and associations

THREE ASSUMPTIONS ABOUT THE CONTEXT FOR PURSUING SOCIAL IMPACT

4

Swarms of individuals connecting with institutions

5

Business becoming increasingly engaged in social and environmental issues

6

New models for social welfare and social change

THREE CRITICAL UNCERTAINTIES ABOUT GOVERNMENT

7

Will there be a resurgence of the public's voice in policymaking?

8

Will the primary focus for policy development be at the local or national level?

9

How will government balance competing priorities and revenue pressures?

THREE ASSUMPTIONS ABOUT NATIONAL AND GLOBAL-LEVEL FORCES

1

Disruption from inequality and environmental degradation

The unequal distribution of power and wealth and accelerating degradation of the environment will place growing pressures on social structures, potentially leading to social disruption and even unforeseen innovation in political governance and the social compact.

The ripple effects of these twin disruptive forces will both shape and be shaped by the strength of the democratic culture, both domestically and abroad.

2

Greater ethnic diversity and new generations of leadership

The demographics of the nation will steadily shift: it will become more ethnically diverse (particularly Latino), a new generation of digital natives will enter the workforce, Millennials will become senior leaders, and Boomers will have almost entirely exited the workforce but will be active retirees.

The nonprofit and philanthropic sector will come under steadily increasing pressure to reflect the nation's changing face.

3

Technology transforming learning, gathering, and associations

Technology innovation will continue to require organizations to adopt a stance of continuous learning and experimentation, as new tools change the way that individual teams and society itself can organize. Already, the rapid spread of today's smartphones and tablets has produced dramatically more communication and made it much easier to engage with others. As our communication tools evolve into ever more powerful forms, it will be even harder to win a person's attention but easier to sustain relationships in spite of distance and infrequent in-person contact.

As the experience of online engagement becomes increasingly close to that of face-to-face meeting, several ripple effects will follow. Learning will be fast, as-needed, and frequently in groups. Gathering in person will increasingly occur only when in-person connection is critically important. And, the role of an association will increasingly shift from a one-size-fits-all approach to something more customized, providing a lightweight structure for fostering a variety of peer-to-peer connections and enabling participatory leadership.

THREE ASSUMPTIONS ABOUT THE CONTEXT FOR PURSUING SOCIAL IMPACT

4

Swarms of individuals connecting with institutions

A powerful driving force will be **individuals “swarming” in loose networks** around a shared purpose joining forces as voters, consumers, and community members. This will be fueled in part by the rising tide of new data, which swarms will be ideally suited to turn into civic and political use.

Individuals will be more strongly aligned with causes and less to the organizations that advance them. As they become increasingly sophisticated at swarming, **individuals will often sidestep organizations** that are not equipped to partner with them. At home and abroad, swarms will direct their efforts at addressing market and government failures in new ways, with solutions that seek to either fill in the gaps where infrastructure is lacking or provide alternatives to existing services.

Today’s swarms are already replacing some institutional grassroots organizing efforts. If these swarms gain sophistication, they will put **even more pressure on institutions** across society to both partner with and adopt this new form. Institutions will need to become agile in a variety of new ways: by listening deeply, responding in real time, providing platforms that enable and accelerate existing swarms, and by leading swarms themselves. In parallel, part of the sophistication that swarms may gain is a far greater ability to draw on institutional capabilities, which could be instrumental for sustaining their impact over time. Associations will face particularly strong pressure as technology makes it easier to connect with peers and access new information and resources with minimal overhead, both at a distance and in person.

As a result, the dominant **culture of leadership** across society will continue to gradually shift from central control towards broad episodic engagement; being adaptive, facilitative, transparent, and inspirational will be increasingly valued. Particularly in the nonprofit and philanthropic sector, leaders will continue to use formal authority as an essential tool, but many will emerge whose power is drawn from informal influence.

THREE ASSUMPTIONS ABOUT THE CONTEXT FOR PURSUING SOCIAL IMPACT

5

Many businesses becoming increasingly engaged in social and environmental issues

Addressing social challenges in the US and around the world, particularly those driven by major contextual disruptions, will require **cross-sectoral and cross-cultural** initiatives that tap resources, ideas, and talent from across the globe – and which will often need to be executed at considerable scale. Businesses will be an increasingly essential partner in this ambitious work, and many will be motivated by **market pressure** to actively influence how government and others actors respond to social/environmental challenges.

Businesses' self-interest in profitable markets and a strong, stable talent pool will lead them to weigh in on different sides of many issues. The nonprofit and philanthropic sector will often be ideally suited for **playing a bridging role** among the many actors involved in these dialogues, but bridging to business will require artful choices of **when to act as a partner and when to press for change**. Partly as a result, business leaders will opt at times to do this work themselves. But when that bridging is successful, it will produce a great deal of social impact, as is already being shown today.

6

New models for social welfare and social change

Financial support for social welfare and social change will become **more varied and sophisticated**. New platforms for accessing small-scale gifts will emerge, large gifts will be given primarily by living donors (through not only foundations but also a variety of other means), corporations will partner with nonprofits in new ways or go it alone, government contracts will be delivered through new structures, and various elements of philanthropy will continue testing the value and appropriate role of market-based solutions. Many of these new methods will center on **data that quantifies impact**, further elevating its role in both fundraising and management.

Experimentation with **hybrid business models** will continue, while social impact work continues to both professionalize (in the building of nonprofit institutions) and de-professionalize (as individuals collaborate in decentralized swarms). The need for resources may influence many nonprofits to become **more reliant on earned income**, but they will earn it in more diverse ways than today.

While helpful for keeping nonprofits viable, a shift towards earned income will likely call into question how the sector can maintain its **original role** as a protected, non-commercial space for citizen voice and social experimentation.

THREE CRITICAL UNCERTAINTIES ABOUT GOVERNMENT

7

Will there be a resurgence of the public's voice in policymaking?

If current trends hold, policymaking will be increasingly driven by the interests of those with money to spend on political influence, whose interests can be different than the voting public. But it is also possible that there will be a resurgence of the public's voice. One driver could be if swarming becomes increasingly sophisticated at bringing unprecedented public pressure to bear on policymakers. Another would be the emergence of widespread objections to the use of money as political speech—which may be unlikely but is not implausible.

8

Will the primary focus for policy development be at the local or national level?

Partisan deadlock at the national level will come and go, while cities and states will continue to respond to the practical needs of citizens with local innovation, acting as the “laboratories of democracy.” Opportunities for progress in policy development will emerge at both levels, requiring ongoing assessment of where to invest in engagement and advocacy with policymakers.

9

How will government balance competing priorities and revenue pressures?

Today's entitlement commitments put government on an unsustainable path, given the substantial national debt, the reluctance to increase revenues and the clear upcoming rise in the nation's percentage of eligible recipients. Policymakers may choose to raise additional revenues, cut back on payouts, or a combination of the two. Which path they choose, and how they go about it, will at least be a significant factor in government spending on health & welfare, and could potentially have profound implications for the social compact.