Doing Good, Public Good, and Public Value

WHY THE DIFFERENCES MATTER

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In this article, using multiple illustrative case examples, we demonstrate that philanthropic institutions are in the business of creating public value. In framing the work of philanthropy more broadly to include the process of public value creation, philanthropic institutions and leaders are challenged to be more strategic not only in their mission-fulfillment grant-making with nonprofit organizations but also in the way they stimulate and encourage collaboration, create the “third space” necessary to incubate ideas to transform society, and leverage resources to increase the return on their investments toward system-wide change. The implications for philanthropic actors and institutions suggest that the strategic contributions they make toward creation of public value are those that go beyond transactional performance measures, such as number of dollars spent or clients receiving services, to include ways that their investments are amplified by meaningful partnerships with nonprofit and other organizations, changed behaviors of institutions and individuals, and transformative public policies.

Keywords: collaboration, partnership, philanthropy, foundations, public good, doing good, public value, Cleveland, Ohio, case examples

ASK ANY INDIVIDUAL involved in private philanthropy or leading a philanthropic institution, and he or she would likely agree that their organizations are engaged in effecting change in society (Anheier and Hammack 2010; Payton and Moody 2008; Whitman 2008, 2009). Most see their work as “doing good” or providing for the “public good” (Bremner 1980; Smith 2005). Most would also agree that in serving to fulfill their missions, among their highest aspirations are for the philanthropic investments they make to resonate throughout society well beyond a dollar-for-dollar return (Orosz 2007; Van Til 2008). But what they are really doing is creating “public value.”

Mark Moore first coined the term public value as a frame to guide the work of politically elected or appointed officials in executive branch agencies, along with the senior civil servants who aid them, in producing outcomes for the public good (1995, 1–3). Moore and other scholars of government argued that public value arises from the actions of these same public...
management authorities that contribute to the common good of a community and have elements of altruism; are sustainable environmentally and financially; and motivate the public to perceive society's public institutions as stable, dignified, and trusted (Alford and Hughes 2007; Jorgensen and Bozeman 2007, 361–62; Stoker 2006).

In this article we suggest that creating public value is a much broader concept that can be stimulated by the direct and indirect actions of private philanthropic institutions in policymaking, grant and contract work with nonprofit organizations, and the development of public–private partnership. We also suggest that philanthropic actors and nonprofit organization leaders and managers do not normally account for public value creation and outcomes in their grant making and program and project evaluation work, and that simply reporting on clients served and dollars spent may satisfy a donor's intent to “do good” but are insufficient measures for advancing the public good or for generating the transformational change to which many philanthropic institutions aspire. In making these assertions regarding philanthropic institutions, we apply a frame for decision making by private grant makers that has not been addressed by Moore or others in the public management literature nor examined in the literature of the nonprofit sector.

From the standpoint of the charitable and good works traditions of philanthropy, public value as an outcome would reside less in the domain of government and more in the province of individuals exercising their moral and ethical judgments and sense of responsibility (Frumkin 2002, 96 and 104–14; Hammack 1989; Salamon 2002). From this perspective, public value is realized when individuals trust public policymakers and public institutions, have faith in the system of economy and justice, and enjoy (conceivably) a level playing field to achieve a measure of economic security (Bozeman 2007; Hartz 1955; Mendel 2003; O'Connell 1983). The institutions of philanthropy also generate and nurture public value in specific ways through their directed giving or mutual benefit programs and in general through their standing as institutions that perform checks and balances on the power of the public and private sectors (Payton and Moody 2008).

Appreciating the public–private collaboration origins of public value is particularly important for philanthropic leaders who strive for the best ideas and strategies for implementing them (Hammack and Heydemann 2009, 7). Developing a framework for philanthropic leaders, nonprofit organizations, and public managers to understand the essential but seldom recognized role that philanthropic institutions play in creating public value will serve several important purposes: (1) inform giving and grant making whose end results are public value outcomes; (2) offer guidance for philanthropy, civic and business leaders, nonprofit organizations, and governments regarding the development of successful grant-funded endeavors such as public–private partnerships that provide an observable mechanism for public value creation; (3) inform public managers on the subtle ways that public policy can stimulate private, philanthropic investment leading to the creation of public value; and (4) generate for philanthropic and nonprofit managers a broader framework to consider and measure the impact of their work beyond immediate transactional measures.

Based on our examination of multiple public–private partnership case examples and the public value literature, including treatments by Moore (1995, 2000); Barry Bozeman (2002, 2007), John H. Benington (2011), and others, this article draws attention to the role philanthropy fulfills in public value creation. We argue that philanthropic-minded civic leaders as well as leaders of organized philanthropic institutions can create public value through their own stand-alone initiatives but also in and through partnerships with the
public sector (Fleischman 2007, 19–25; Frumkin 1999, 2002). Through this frame of understanding, philanthropy plays an essential, catalytic but little recognized role in generating public value that has yet to be addressed in the public sector–centric literature dominant in this field. To elaborate and support our arguments, we present an in-depth analysis of the early stage development of multiple public–private partnerships (PPPs) in Cleveland, Ohio. Public–private partnerships are distinctive relationships in which public, private, and philanthropic actors come together to generate readily observable outcomes through large-scale collaborative efforts (Mendel and Brudney 2012a). PPPs offer a window through which we view how philanthropic leaders and their institutions were crucial in producing public value outcomes.

Philanthropy and the Creation of Public Value

Philanthropic leaders contribute to the creation of public value in at least three important ways: first, through mission fulfillment and the resultant impact of philanthropic organizations in conjunction with the public and private sectors in society (Bryson 2011; Herman and Renz 1999; Prewitt 2009; Rojas 2000; Salamon, 2002); second, by serving as catalysts through philanthropic institutional involvement in public policy and social change; and third, as an outcome of the stewardship role philanthropic actors perform as they stimulate and provide the institutional space and constructive tension in which public–private partnerships—a special class of relationships that philanthropic and other nonprofit organizations form with government, businesses, and other nonprofits (Mendel and Brudney 2012b; Squires 1989; Swanstrom 1985; Wettenhall 2003)—can incubate and thrive (Drucker 1990; Powell and Steinberg 2002; Stone and Ostrower 2007; Van Til 2000). We briefly discuss these aspects following (for a fuller discussion see Mendel and Brudney 2012a).

Mission Fulfillment

In the context of nonprofit organizations, philanthropic grant makers, and civic leaders, public value arises as an outcome of the intermediary and facilitating processes that private nonprofit organizations employ as they strive to achieve their organizational goals (Mendel 2003): public value results as mission-based organizations, such as private grant-making institutions and nonprofits, pursue and realize the attainment of their missions. In working toward mission fulfillment, philanthropic leaders and institutions form and strengthen social networks, sustain social capital, build community, and nurture the bonds of trust that together with the actions of government and business make up the fabric of civil society (Boris 1999; Bozeman 2007; Frumkin 1999; Graddy and Morgan 2006; Mendel 2010, Salamon 1995, 200). In many respects, creating public value is a primary raison d’être for philanthropy in the United States (Smith 2005).

Third Space

Philanthropic institutions may also generate public value by enabling public–private collaboration processes and contributing to the development of policy. Activities in this sphere include marshaling and coordinating nonprofit organizations to accomplish their aims (Boris 1999; Frumkin 1999; Prewitt 2009; Scalet and Schmidt 2002), using authority and power to influence the public agenda (Frumkin 1999; Hammack 1999), and tracing their work as
contributing to the public good (Bremner 1980; Powell and Clemens 1998; Smith 2005; Whitman 2008). This process is readily observable as large-scale civic undertakings arise and are often cast as public–private partnerships.

In public–private partnerships, philanthropic leaders often provide the framing rationale, counsel, and funding for new initiatives, thus creating a nonprofit-driven “third space” for meetings and administration of collaborative public–private partnership arrangements (Mendel and Brudney 2012a; Van Til 2000). Through their funding and support of nonprofit organizations, philanthropic institutions can oversee the work of public–private partnerships in a manner that public bureaucracies cannot (Berry 2005; Graddy and Morgan 2006; Lecy and Van Slyke 2012). In this way, philanthropic actors enable government, nonprofit, and businesses leaders to engage more freely in thinking, planning, and implementing collaborative endeavors, particularly during the delicate “incubation” period when ideas and approaches are formulated outside the public view (Benjamin 2010; Roelofs 2007).

Stewardship

In the early stages of stewardship, philanthropic leaders take responsibility for the birth, development, vetting, and experimentation of policy in ways that advance public value and the public good (Mendel and Brudney 2012b; Orosz 2007). For example, philanthropic institutions contribute to the conditions and attainment of public value through their relationships with the public sector (Berry 2005; Roelofs 2007). In accepting that private philanthropic institutions are a class of nonprofit organizations, scholars have noted that they operate independently as supplements to government, as complements to government in partnership relationships, and in adversarial relationships of mutual accountability with government (Young 2000). As a result of their involvement in relationships with government, philanthropic organizations are likely to bring about unanticipated public values and benefits, such as positive feelings of participants, improvements in the environment for collaboration, and redirected public dollars through advocacy (Benington 2011; Jorgensen and Bozeman 2007; Mendel 2010; Stoker 2006).

In framing the work of philanthropy to consider their accomplishments by way of mission-fulfillment grant making with nonprofit organizations, the deliberate way they construct the third space necessary to incubate ideas to transform society and leverage resources, and by stewarding and nurturing collaborative procession, philanthropic decision makers can include public value creation as a desired outcome of their work. The implications for philanthropic actors and institutions are that the strategic contributions they make toward creation of public value are those that go beyond simple claims that they are “doing good.” The creation of public value is a larger-scale and more visionary accomplishment than transactional performance measures, such as number of dollars spent or clients receiving services, which most grant-making institutions use to demonstrate their contributions toward social change, transformation, and the “public good.”

Public Value, Public Good, and Doing Good

Since the appearance of the term “public value” (Moore 1995) and its later refinement as “public values” (Bozeman 2002, 2007), scholars of public administration and related fields have considered the concept primarily from the perspective of the public sector and its
practitioners (Alford and Hughes 2007; Benington 2011; O’Flynn 2007; Williams and Shearer 2011). From this perspective, public value is advanced when government contributes tangibly to society by producing infrastructure and services that benefit citizens, and intangibly when it acts beyond its traditional role as policymaker, taxing authority, arbiter, and the like to create desirable outcomes for the community (Bozeman 2007; Moore 1995; Stoker 2006). Public value may also align with the sensibilities of public administrators and managers through their aspirations, vision, and most important, their strategies to manage relationships with for-profit and nonprofit service providers to serve the public during unsettled times (Moore 2000). An extensive literature review on the topic by the Warwick Business School’s Institute of Governance and Public Management (Williams and Shearer 2010, 2011) confirms these observations.

Although not known specifically by that name, the concept of public value will be familiar to those engaged in philanthropy. From the standpoint of the charitable and good works traditions of philanthropy, public value lies less in the domain of government and more in the province of individuals exercising their moral and ethical judgments and sense of responsibility (Frumkin 2002, 96 and 104–14; Hammack 1989; Salamon 2002). The private origins of these concepts are well known to historians, who have traced “public good” as “doing good” to the writings of John Winthrop, Cotton Mather, Benjamin Franklin, and others in the seventeenth- and early eighteenth-century American colonial period (Bremner 1988, 217; Hammack 1998). From these origins, “public good” and “doing good” underpin the efficacy of “charity” and the voluntary allocation of funds to people and for purposes that otherwise would not have them (Bremner 1988; Fleishman 1999; Kass 2008; Salamon and Anheier 1996; van Tassel and Grabowski 1996, 785–90; Whitman 2009).

The intellectual thread casting the purpose of philanthropy in America as a driver of social change promoting the welfare, happiness, and culture of its citizens still applies to philanthropy in the twenty-first century (Bremner 1988, 3; Fleishman 2007, xiv; Smith 2005). Public value is realized when individuals trust public policymakers and public institutions, have faith in the system of economy and justice, and enjoy (conceivably) a level playing field to achieve a measure of economic security (O’Connell 1983; Hartz 1955; Mendel 2003). The institutions of philanthropy also generate and nurture public value in specific ways through their directed giving or mutual benefit programs and in general through their standing as institutions that perform checks-and-balances on the power of the public and private sectors (Payton and Moody 2008).

From the perspective of philanthropic actors and their organizations, public good and doing good arise through the collaboration of public and private civic leaders, business executives, and philanthropic institutions in endeavors that inform public policy, focus and leverage public resources, and resonate throughout the community (Baynes 2002, 124–27; Roelofs 2007). Much of the well-known scholarship on private power in cities documents the role civic leaders and other private interests play in policy development and the allocation of public resources by taking action through philanthropic institutions (Bremner 1996; Dahl 1989; Domhoff 2005; Judd and Swanstrom 2003). Scholars note that organized philanthropic institutions realize their missions by quietly stimulating and leading partnerships among public, private, and particularly nonprofit actors (Miller 2002; Powell and Steinberg 2002; Prewitt 2006; Rich 2004; Scalet and Schmidt 2002, 32–33). Frequently these actions occur and are most readily visible in public–private partnerships.
In addition, “public good” is a concept that some scholars accept as measurable through market performance and the establishment of a setting that facilitates prosperity (Frumkin 2002, 65–68; Benington and Moore 2011; Weisbrod 1986, 21–44). Generally speaking, public good arises when the creation of a commodity may be due to the outcomes of public policy or private actions that create actual or potential benefits shared by everyone (Bozeman 2007; Weisbrod 1986). But public good also arises within the moralistic, mission- or values-driven work of philanthropy and is expressed through the desired outcomes of philanthropic or other private actors for initiatives they foresee will amplify their investment in a particular project, partnership, or other endeavor (Scallet and Schmidtz 2002, 32–34). Table 1 elaborates the terms public value, public good, and doing good. The definitions were crafted for purposes of clarity and analysis of the multiple public–private partnerships cases that follow.

Public–Private Partnership Case Examples

The following case examples involving philanthropic individuals and institutions demonstrate how the role of philanthropy in the early stages of public–private partnerships (PPPs) contributes to the attainment of public value. The PPP cases provide insight and examples of private leaders and affiliated philanthropy working toward mission attainment, involvement in public–private partnership, and creating a third space. The notion of a third space refers to a sanctuary of time and place for public and private sector actors to participate in innovative work for the public good outside of their formal institutions, sustained by philanthropic mission, expertise, and financial resources.

Our use of PPPs helps us to identify one means by which public value is created by philanthropic actors. Although we have no way to evaluate the representativeness of these case examples, they allow scrutiny into the contributions philanthropic actors can and do make to the relationships among public, private, and nonprofit organizations in creating public value. Our focus on PPPs should not preclude consideration that public value is created elsewhere by nonprofit organizations (Mendel and Brudney 2012a). For example, a nonprofit social service organization that works solo in meeting a need in the local community may also create public value alone. Or a community foundation that collaborates with a handful of local nonprofits in a small community may also create public value. Space limitations preclude a detailed examination of these possibilities here.

The five PPP case examples and the one trailing non–public value creation PPP case example described at the closing pages of this article illustrate the potential for creation of public value through philanthropic institutions. Table 2 briefly summarizes the five affirmative public value creation and one negative public value creation case examples, including mission fulfillment of the endeavor, the manner in which philanthropic actors fostered or served as stewards of a third space, and examples of public value created.

The first case example, Playhouse Square Foundation (PSF), arose in 1973 after the quiet work of forming a public–private partnership began in 1970. The original players included the Cleveland Foundation, the City of Cleveland, and the government of Cuyahoga County. In collaboration with a local preservation activist, the Cleveland Foundation’s professional leadership and its civic-minded, mission-guided board of directors nurtured the initiative to redevelop privately owned, highly visible entertainment district theater assets headed for the wrecking ball. With the help of the Cleveland Foundation staff skilled at drawing together leaders from City Hall, county government, and the private sector, the foundation
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<td>Public value</td>
<td>The holistic, full, positive, long-term consequence of doing good for a larger community. These consequences may be expected or unintended, known or unknown, and hard to measure. Public value can occur as a consequence of the creation of a third space that allows people and organizations to facilitate doing good in new ways (see our case examples).</td>
<td>Achieved through the action of the federal government in the U.S. Constitution that benefits and protects all citizens for their individual pursuits, endeavors, and interests. Government contributes tangibly to society by producing infrastructure and services that benefit citizens, and intangibly when it acts beyond its traditional roles as policymaker, taxing authority, arbiter, and the like to create the best possible outcomes. May also align with the sensibilities of philanthropic institutions and private leaders through their aspirations, vision, and most important, their strategies to manage relationships with for-profit and nonprofit service providers to solve social problems or create the conditions for social change.</td>
<td>Public sector contracts with private business and nonprofit vendors requiring behaviors such as participation of protected populations and partnership collaborations; community pride; improved environment; better business climate; new relationships between individuals and their institutions; public safety; and public perceptions and attitudes.</td>
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<td>Public good</td>
<td>The predetermined, immediate, measurable, short-term, positive outcome or consequence of doing good. It is mission driven and directed at a predetermined target group of clients and/or community.</td>
<td>Due to the outcomes of public policy or private actions that create benefits or potential benefits shared by everyone. Also arises within the moralistic, mission/values-driven work of philanthropy, and is expressed through the desired outcomes of philanthropic or other private actors for initiatives they foresee will amplify their investment in a particular project, partnership, or other endeavor. Measurable through market performance and the establishment of a setting that facilitates prosperity and arises where the creation of a commodity may be.</td>
<td>Fresh water, clean air, strong economy, international trade, interstate highways, bridges, the electrical grid, the World Wide Web, social media, civil rights, the war on poverty, charitable giving, a healthy civil society.</td>
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<td>Doing good</td>
<td>An activity or process of individuals, organizations, and/or government. It is an altruistic, charitable, mission driven activity aimed at improving the lives of others.</td>
<td>Being altruistic is often seen as &quot;good.&quot; Individuals who want to make a difference claim they are doing good. It is an aspect of philanthropy that scholars of civil society and philanthropic practitioners attribute to the charitable, moralistic underpinnings of mission-based and ideally, effective, philanthropy. Doing good drives a process that philanthropic-minded individuals point to as a means for creating public value to benefit the citizenry.</td>
<td>Corporations and philanthropic institutions and individuals that perform civic leadership, engage in public-private partnerships, create a third space, participation in philanthropy. Actions include volunteering, performing philanthropy and charity, and donating time, goods, and other resources.</td>
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<td>Public–Private Partnership Name/Primary Philanthropic Catalyst Institution</td>
<td>Mission Fulfillment</td>
<td>“Third Space” Stewardship Role</td>
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<td>Playhouse Square, Inc./Cleveland Foundation</td>
<td>Enhance the lives of all greater Cleveland residents.</td>
<td>Incubator for discussion and the initiative. Convened public and private participants. Provided funding to initiate the project. Funded the nonprofit intermediary organization to carry out the long-term work of the initiative.</td>
<td>Revitalized nonproductive space for the enjoyment of patrons and the general public, and set the conditions for concentrated and dense business development in a highly visible portion of downtown.</td>
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<td>Neighborhood Progress, Inc./Cleveland Foundation, Mandel Foundation, George Gund Foundation, and Cleveland Tomorrow</td>
<td>Restore and maintain the health and vitality of greater Cleveland as a catalyst for change.</td>
<td>Provided leadership in urban neighborhood stabilization, revitalization, and new development. Facilitated collaboration among local community development corporations, philanthropy, lenders, and the public sector.</td>
<td>Planned and coordinated neighborhood stabilization, housing rehabilitation, and new construction by linking public, private, and nonprofit organizations on a large scale. Improved housing options and property values, opportunities for commercial business endeavors serving residents. Greater choices for citizens of Cleveland.</td>
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<td>Clean Land, Ohio/Premier Industrial Corporation (Mandel Foundation)</td>
<td>Conserve and improve the physical environment of Cleveland.</td>
<td>Incubator for discussion and the initiative. Convened public and private participants. Provided funding to initiate the project. Funded the nonprofit intermediary organization to carry out the long-term work of the initiative.</td>
<td>Ecological and environmental enhancement of urban transit corridors and vacant lots. Created through the esthetics of a safer, more pleasant commute for employees, better urban planning and public safety, and tangibly through lower costs of hiring employees for companies.</td>
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<td>Jumpstart, Inc./Cleveland Foundation, Cleveland Tomorrow, the George W. Codrington Foundation, State of Ohio Department of Development</td>
<td>Transform northeast Ohio into a nationally significant center of entrepreneurship and innovation.</td>
<td>Funded a start-up nonprofit to concentrate expertise, funding, and allocations to start-up businesses using public and private financial and knowledge resources.</td>
<td>Addressed the region’s declining economy, loss of jobs, and lack of entrepreneurial growth. Focused resources to diverse entrepreneurs and the community, accelerated growth of early stage businesses and into venture-ready companies, and ultimately transformed northeast Ohio into a nationally significant center of entrepreneurship and innovation.</td>
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<td>Gateway Economic Development Corporation (sports) District/Cleveland Foundation and Cleveland Tomorrow</td>
<td>Provide and maintain a safe, clean, and friendly atmosphere to the public at the gateway sports complex.</td>
<td>Led to the formation of a quasi-public entity that owned and leased properties to the professional sports teams, issues public bonds, and serves as the fiscal custodian of public funds.</td>
<td>Created public asset around which business activity returned to an underperforming and crime-filled physical space near the heart of the city’s downtown.</td>
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<td>Cleveland Development Foundation and Urban Renewal Phases I and II (Title I of the Housing Act of 1949)</td>
<td>Finance and plan projects to eliminate slum conditions and promote urban redevelopment.</td>
<td>Established by local business leaders to assist urban renewal and slum clearance efforts. It provided financial and planning assistance for a number of projects in the 1950s and 1960s. Raised funds through membership subscriptions and the sale of ten-year, 4 percent development notes to provide seed money for urban renewal and redevelopment projects. Its first major project was to house people displaced by the clearing of urban renewal districts.</td>
<td>The typical urban renewal project required more than four years to plan plus six to nine more to execute. This discouraged private developers and drove the poor public image of many incomplete projects after the demolition stage. The projects displaced poor residents, did not adequately provide for their relocation, and seemed dedicated to enhancing the wealth of the central cities by getting rid of the less affluent.</td>
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contributed and inspired additional funding to acquire property and to engage in planning, leading to a public–private partnership managed by a newly created nonprofit facilitating intermediary organization created for the purpose of harboring and developing the project. By 1977 the foundation and Playhouse Square, Inc., had obtained long-term leases for the three theaters, which were purchased by the Cuyahoga County commissioners. Funding secured from government, local foundations, and private corporations was committed to the project to carry out the restoration, operation, and management of the theaters.

Through the Playhouse Square partnership, the Cleveland Foundation fulfilled its mission to “enhance the lives of all residents of greater Cleveland” (http://www.clevelandfoundation.org/About/Background.html, 2012). The philanthropic players created the conditions and drew together the actors for public–private partnership, then created the time, space, financial, and intellectual resources for the initiative to succeed. Public value arose from tangible benefits to the larger community—reuse of derelict property and nonproductive historic buildings in a highly visible business district, increased property valuations, creation of an employment center, magnet for future urban real estate development, new arts programming, and intangible benefits of creating the teamwork and human capital necessary to accomplish the projects. Playhouse Square, Inc., established as steward of the mission, further amplified the work of the philanthropic leaders and continues to offer return on the original investment of the public and private partners.

The second case example, Neighborhood Progress, Inc. (NPI), was created in 1988 through the joint efforts of Cleveland Tomorrow, the Cleveland Foundation, Mandel Family Foundation, and the George Gund Foundation. Acting as an operating foundation, Cleveland Tomorrow (CT) itself was a private nonprofit civic organization composed of chief executive officers of the largest companies in Cleveland united for the purpose of improving the long-term economic health of the city. CT required the direct involvement of its members, including chief executives from the two largest philanthropic institutions, which included their time, treasure, and expertise to stimulate novel ideas and economic growth for the region. CT devised the creation of NPI, a nonprofit agency designed to focus attention, dollars, and other resources on Cleveland’s neighborhood development projects, with an emphasis on housing. NPI worked closely with city and county governments and private local and national funders and businesses both to preserve existing housing and to redevelop older housing stock in urban communities (van Tassel and Grabowski 1996, 733).

As in the Playhouse Square case example, the creation of NPI illustrates the intentional power of organized, mission-driven, and collaborative philanthropy to stimulate public policy development, convene public and private resources, and institutionalize the process of public value creation. Philanthropic players spearheaded the endeavor by funding a project feasibility study, convening national experts, and beginning an advocacy process to create city and county land-banks owned and operated under public authority. With the creation of NPI as the mission steward of the endeavor, public value arose through the initiative of home construction, renovation and rehabilitation programs, providing ways for residents to preserve and protect the value of their personal property.

The third case example, Clean Land Ohio is a nonprofit organization formed in 1977 as a public–private partnership organized by private philanthropy that included a prominent philanthropist and affiliated civic leaders, the Ohio Department of Transportation and the City of Cleveland to remove trash and provide grounds-keeping along 32.6 miles of rapid transit right-of-way (van Tassel and Grabowski 1996, 194–95). Clean Land Ohio came about as
local and state public officials, private business owners, and philanthropic foundations considered ways to improve ridership on light rail and to create a more inviting atmosphere for employees commuting to midtown Cleveland. Policymakers and grant makers believed that trash-filled vacant lots and right-of-way diminished the desire of workers to travel downtown, ultimately increasing the costs of doing business. The Clean Land case follows the pattern and process of philanthropic institutions driving the creation of public value using public private partnership as a mechanism to organize resources, plan, and then institutionalize the endeavor through the creation of a nonprofit to serve as mission steward. Intangible benefits and public values were created through the aesthetics of a safer, more pleasant commute for employees, better urban planning and public safety, and tangibly through lower costs of hiring employees in the city.

The fourth case example, Jumpstart, Inc., was created in 2003 to address northeast Ohio’s declining economy, loss of jobs, and lack of entrepreneurial growth. The region’s civic, community, and philanthropic leaders explored these issues, and, as a result, NorTech and Case Western Reserve University began quiet discussions to launch a nonprofit venture development corporation to incubate ideas and take advantage of strategic business development opportunities in the technology fields. Cleveland Tomorrow, the George W. Codrington Foundation, and the Ohio Department of Development provided founding grants and intellectual capital to JumpStart. This nonprofit served to focus public and private resources on diverse entrepreneurs and the community, accelerating the growth of early stage businesses and ideas into venture-ready companies, and ultimately transforming northeast Ohio into a nationally significant center of entrepreneurship and innovation (“Jumpstart” 2012).

Jumpstart originated in a complicated public–private partnership arrangement involving philanthropic, business, and public sector actors. The participation of philanthropic leaders and application of their resources closely mirror the three prior examples. The Jumpstart organization was the institutional product of the collaboration, whose tangible benefits included the creation of successful new business enterprises and a spirit of entrepreneurialism that led to employment, tax revenues, and new business creation. The investments of philanthropy resonate well beyond the dollars invested in the early stage development of the initiative, with the result that public value was created.

The fifth case example, the Gateway Economic Development Corporation, arose in the aftermath of the defeat by Cuyahoga County voters of a property tax increase that was to be used to build a domed stadium in downtown Cleveland. In the winter of 1984–85, business and civic leaders met to develop alternative plans for a new sports facility. Cleveland Tomorrow’s top executives from Cleveland’s fifty largest companies created a development fund to help launch the new project, and acquisition of property began in December 1985. Privately owned sports teams agreed to design objectives in April 1986, and demolition at the site began in June 1987. In May 1990 county voters passed a fifteen-year “sin tax” on alcohol and cigarettes to help finance the complex. The following month Cleveland Mayor Michael White and County Commissioner Tim Hagan created the nonprofit Gateway Economic Development Corporation to administer the project, marking it formally as a public–private partnership. In this fifth case example, the development of the Gateway District, organized philanthropy, the business community, and city and county government planned and implemented large-scale public works. The culmination was a valuable public asset, around which business activity returned to an underperforming and crime-filled area near the heart of the city’s downtown.
Discussion

In each of the cases presented, philanthropic institutions and their leaders participated in early stage discussions, project conception and design, and capital investment in public–private partnership projects that achieved public value. Although we cannot determine whether each case example required all three of these elements for the creation of public value, we believe that public value outcomes are most readily observed when the three elements are present. For example, in the Playhouse Square, Clean Land, and Jumpstart case examples, philanthropic institutional mission achievement provided defensible rationale for the partners to stimulate positive change, provide a framework to form public–private partnerships to move the initiative forward and—few would dispute—promote the creation of tangible and intangible public value for the larger community. The work of the philanthropic organizations enabled the participation of actors who may otherwise have been passive or distant observers.

We would like to provide more precise measurement of these outcomes. However, despite the manifest need for it, research on public value has not yet yielded appropriate operationalization. Even in the most prominent and well-cited examples, such as Moore (1995, 2000), Benington and Moore (2011), and Bozeman (2002, 2007), and entire conferences dedicated to this concept (for example, the “Creating Public Value Conference,” convened by the Center for Integrative Leadership at the University of Minnesota in September 2012), measurement of public value remains elusive, with little attention and some speculation. Based on our research, we can begin to advance this discussion, although a full schema awaits further inquiry.

As illustrated by our analysis of the different case examples in which public value was created (Table 2), the attainment—and measurement—of public value will be specific to the particular project. To the extent that a philanthropic initiative achieves its immediate goals (for example, the construction of Playhouse Square) as well as brings about the behavioral changes sought (clients patronize Playhouse Square), we conclude that public value is created. We would press forward in our measurement, though, in two important ways.

First, in our judgment public value can be observed in the desirable effects radiating out from a project beyond the immediate target group or clientele or area, that is, the positive externalities created. For example, Playhouse Square not only brought patrons to formerly unused property in downtown Cleveland but also generated other businesses, visitors to the downtown, tax revenues, new civic groups and associations (Friends of Cleveland Playhouse), and greater service opportunities (for example, on nonprofit boards of directors and in operational volunteering in the theater venues). These results of the project developed over time and were not entirely expected, which leads us to propose as a second feature that any measurement of public value should incorporate a temporal dimension to capture its full effects. We would also propose a measurement scheme that valued those results that occur quickly more highly over those that take longer to develop (similar to a “social discount rate”), both because we have a preference for more public value created sooner, and effects over a longer time horizon are more difficult to attribute to the specific philanthropic project. In a multidimensional framework for the measurement of public value, other aspects of the effects experienced, such as amount of positive behavioral change realized, would also be taken into account.

This preliminary measurement framework has implications for philanthropic agencies. It suggests that these agencies seek from those they fund information not only on the achievement
of proposed project goals, as commonly collected at present, but also on project results achieved as a product of these goals. Project reporting should also extend to the positive externalities created (both anticipated and not) and encompass a temporal dimension to capture them over time.

As we have mentioned, the lens of successful PPPs offers illustration of simple, observable ways that public value is created by philanthropic actors and institutions. But PPPs involving philanthropic players also offer the opportunity to illustrate the inverse of public value creation. A prominent example of a PPP that did not lead to the creation of public value in Cleveland involved the well-documented and massive Urban Renewal project Phases I and II (Mendel 2005; Teaford 2000, 447–49).

Beginning in the 1950s and still incomplete as of this writing nearly six decades later, the complex endeavor involved the Cleveland Development Foundation, city government, local business, and local philanthropic institutions. Designed to remove densely packed residential and commercial districts that would then be replaced by new construction in planned communities in three Cleveland communities, the PPP resulted in many unanticipated negative outcomes: dramatic population shifts within the city boundaries, accelerated resident movement out of the city, decline in housing values, financial disinvestment in highly visible neighborhoods, a reduction of the property and income tax base, and a city with weakened services, bonding power, and overall affluence (Squires 1989; Teaford 2000). Philanthropic institutions provided funding and agency to the PPP with the disappointing result of not fulfilling lofty expectations and, few would argue, an absence of positive public value.

Several aspects of public value are found consistently across the case examples. First, the mission-driven process of forming and carrying out the work of the initial endeavor stimulated the creation of new successful working collaborations. These associations led to the development of other nonprofit organizations that served as mission stewards to the endeavor, which then carried out subsequent projects yielding public value without the intervention or involvement of the public sector. Second, philanthropic institutions drew together public and private actors to perform important functions that directly and indirectly benefited members of the larger community. This work included major activities unlikely to take place without the intervention or involvement of philanthropy, for purposes such as land use planning, public safety, economic development, and public works. Third, as tracked by the participants and promoted in the local press, the amplification of resources informed and guided by the philanthropic institutions leveraged a return that far exceeded the initial investment (“Forty under Forty” 1995; Keating, Krumholz, and Metzger 1995; “Mayoral Administration of George V. Voinovich” 2012; Miller 2010; Miller and Bullard 2005; Ralser 2007, 59; Shatten 1995).

Based on our analysis of the multiple case examples and the scholarship on public value, we conclude that philanthropic institutions may achieve their goals of doing good by contributing to the public good when they conceive of their roles as acting strategically to do the hard work of creating public value. An important strategy is working with other organizations—public, private, and nonprofit—in meaningful partnerships. The critical process of forming partnerships requires that philanthropic institutions—and the nonprofit organizations with which they work—investigate and devise conditions for partnership and help those collaborations to succeed. To this end, an important, yet little appreciated strategy is providing a third space in which philanthropic institutions serve as relationship stewards that offer the sanctuary of time, place, financial support, and expertise for participants in the partnership to work out the issues leading to meaningful partnership (Mendel 2013) and public value.
Table 3. Specific Examples of Doing Good, Public Good, Public Value from the Cleveland PPP Cases

<table>
<thead>
<tr>
<th>PPP Name</th>
<th>Doing Good</th>
<th>For the Public Good</th>
<th>Public Value Generated</th>
</tr>
</thead>
<tbody>
<tr>
<td>Playhouse Square, Inc.</td>
<td>Enhanced the lives of all residents of greater Cleveland by preserving</td>
<td>Created a tourist destination of concentrated performing arts; generated increased</td>
<td>Led to positive change of longtime trends toward urban disinvestment and decline. Generated wealth from underutilized and underperforming tax revenue assets to the benefit of the entire community. Created a safe inviting space for the community to gather in a previously dormant neighborhood.</td>
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<td>redevelopment of privately owned, highly visible entertainment district</td>
<td>property values in the surrounding districts; restored and increased tax revenues</td>
<td></td>
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<td></td>
<td>theater assets headed for the wrecking ball.</td>
<td>to the city in from spillover businesses such as parking, advertisement, and services</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>supporting the arts; increased employment.</td>
<td></td>
</tr>
<tr>
<td>Neighborhood Progress, Inc.</td>
<td>Preserved existing housing to redevelop older housing stock in Cleveland</td>
<td>Encouraged and stimulated the conditions leading to home construction, renovation,</td>
<td>Stimulated public policy development, convened public and private resources, and</td>
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<td></td>
<td>and its urban communities.</td>
<td>and rehabilitation programs. Philanthropic players spearheaded the endeavor by</td>
<td>institutionalized the process of public value creation. Provided ways for all residents</td>
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<td></td>
<td></td>
<td>funding a project feasibility study and beginning an advocacy process to create city</td>
<td>to preserve and protect the value of their personal property.</td>
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<td></td>
<td></td>
<td>and county land-banks owned and operated under public authority.</td>
<td></td>
</tr>
<tr>
<td>Clean Land</td>
<td>Improved ridership on light rail to create a more inviting atmosphere for</td>
<td>Created a safe, attractive space that improved the environment for businesses to</td>
<td>Used public-private partnership as a mechanism to organize resources, plan, and then</td>
</tr>
<tr>
<td></td>
<td>employees commuting to midtown Cleveland.</td>
<td>carry out their operations and form clusters of industry hubs and business</td>
<td>institutionalize the endeavor through the creation of a nonprofit to serve as permanent</td>
</tr>
<tr>
<td></td>
<td></td>
<td>development.</td>
<td>mission steward. Also created aesthetics of a safer, more pleasant commute for</td>
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<td></td>
<td></td>
<td></td>
<td>employees and lower costs of hiring employees in the neighborhood.</td>
</tr>
<tr>
<td>Jumpstart, Inc.</td>
<td>Addressed northeast Ohio’s declining economy, loss of jobs, and lack of</td>
<td>Served to focus public and private resources on diverse entrepreneurs and the</td>
<td>Increased regional employment, prospects for business development, and stimulated the</td>
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<td></td>
<td>entrepreneurial growth by incubating ideas and taking advantage of</td>
<td>community, accelerating the growth of early stage companies and ultimately</td>
<td>transformation of the old-growth manufacturing industries into a “next-generation”</td>
</tr>
<tr>
<td></td>
<td>strategic business development opportunities in the technology fields.</td>
<td>transformed northeast Ohio into a nationally significant center of entrepreneurship</td>
<td>economy.</td>
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<tr>
<td>Gateway Economic Development Corporation</td>
<td>Established a valuable public asset around which business activity</td>
<td>Created comfortable modern facilities for patrons to view and participate in</td>
<td>Established the framework for northeastern Ohio to take action as an integrated regional</td>
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<td></td>
<td>returned to an underperforming and crime-filled area near the heart of</td>
<td>professional sports endeavors. Preserved the city as a home to two major league</td>
<td>economy.</td>
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<td></td>
<td>the city’s downtown.</td>
<td>sports franchises and the spillover business activities attributable to them.</td>
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<tr>
<td>Cleveland Development Foundation and</td>
<td>Eliminated slum conditions and promote urban redevelopment.</td>
<td>Planned and organized approach to redevelop “old” places in urban neighborhood</td>
<td>Did not work. Slum removal was not accompanied by initiatives that were attractive to</td>
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<tr>
<td>Urban Renewal Phases I and II</td>
<td></td>
<td>settings of Cleveland that include revitalized land and property use.</td>
<td>private investments and led to dramatic population shifts and property disinvestment</td>
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<td></td>
<td></td>
<td></td>
<td>that accelerated the urban pathologies of decline.</td>
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</table>
Philanthropic institutions may conceive of their obligations primarily with respect to mission fulfillment, due diligence of grant applicants and transactional grantee accountability in the form of dollars spent, clients served, and resources leveraged. Although these components constitute an important part of the operational work of philanthropy, in this article we argue that philanthropic institutions realize transformational achievements to do good for the public good when their initiatives are designed to lead to the creation of public value. Table 3 illustrates the relationships among the concepts doing good, public good, and public value that emerge from the five case examples.

Conclusion

In our view, the public sector focus of existing scholarship on public value largely overlooks the role of philanthropic institutions, civic leaders, and decision makers in the creation of public value. To the contrary, we argue here that philanthropy at its best is in the business of creating public value.

Based upon the literature and case examples examined in this article, we believe that philanthropic institutions should consider not only transactional accountability but also how their grant making is transformative toward public value creation. Using the framework presented in Table 2, leaders of philanthropy can view their possible impact by tracing the amplification of their work beyond transactional accountability, with which they typically evaluate grantee performance, to transformational results that benefit the larger society. For example, in the Playhouse Square, NPI, and particularly the Jumpstart case examples, the process of creating public value through program delivery and quality of programs was more important to overall philanthropic impact than the number of individuals directly served by philanthropic dollars. Although precise measurement must await further inquiry, philanthropic institutions can further this development by offering funding opportunities that contribute to public value creation and consider how their investment stimulates societal transformation.

The role of philanthropy in creating public value holds important strategic and management implications for nonprofit leaders and board members whose organizations’ health and well-being depend upon grants and charitable gifts. As we have shown, proposals to philanthropic institutions that align with nonprofit missions can serve the public good and generate return on investment beyond the particular project when they can be linked to the creation of public value. Organized philanthropy should prioritize requests for grants and gifts that conceive the transactional work as part of a larger system of services, leading to effective, transformational change. Accordingly, nonprofits should articulate the public value outcomes as direct and indirect benefits of their involvement. From this larger perspective, grants and charitable gifts are more than opportunities for nonprofit “work” but for the creation of public value as well.

References


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