NUS National University of Singapore

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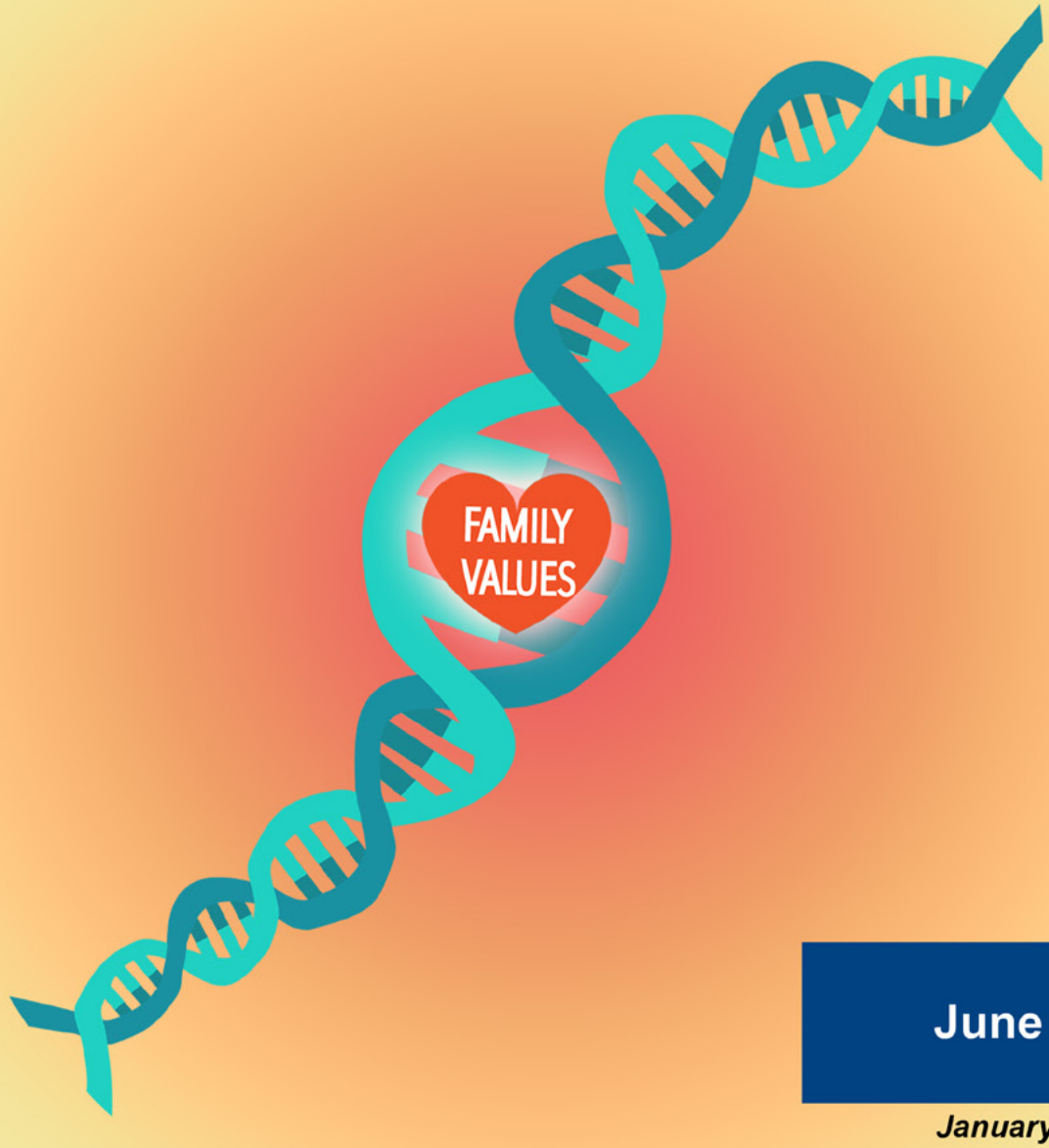
Exploring Family Philanthropy in Singapore

Philanthropy in Asia: Working Paper No. 5



June Lee

January 2019

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Dr Lee is interested in the impact of family factors on the strategy and sustainability of family business, wealth and philanthropy. She believes agreement based on shared core values and a vision that provides space for individual dreams holds the best possibility for family harmony and order, and continued strength of the family and its shared undertakings and enterprises.

Dr Lee has 30 years of experience in finance and banking and is a Certified Financial Analyst (CFA®). She holds a Bachelor of Accountancy from Singapore University, and Master of Business Research and Doctor of Philosophy (PhD) degrees from the University of Western Australia. Dr Lee's PhD thesis was on Family Business Continuity: Keeping the Family in the Business and the Business in the Family.

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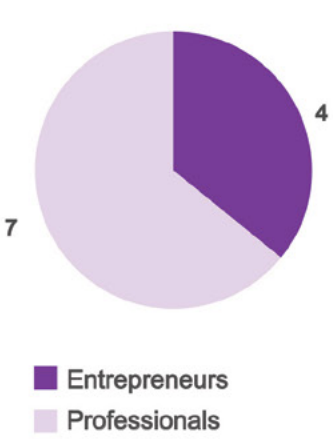
Family foundations from different backgrounds

1) Professions



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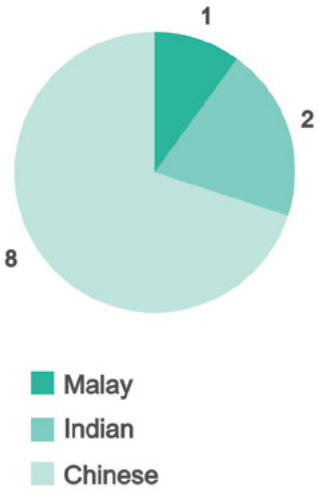
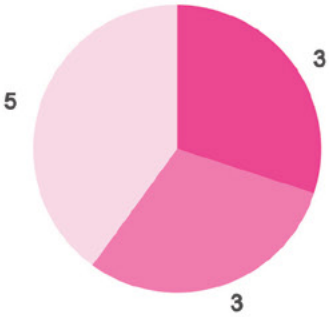
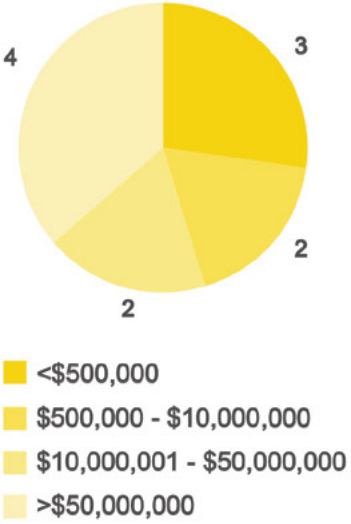


3) Current Leadership



4) Size of Endowment

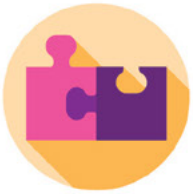


Different motivations for institutionalising family philanthropy



Sharing the wealth

- Segregate amount meant for philanthropy vs inheritance for family
- Continue giving beyond personal lifetime



Getting organised

- Structured giving – annual budget, plan which causes to benefit, evaluation process
- Giving strategy (budget)
- More purposeful and impactful through evaluation process



Fulfilling a mission

- Facilitates a long-term commitment to a chosen cause
- Continue to support a particular cause beyond personal lifetime
- May facilitate fundraising particularly if granted IPC status (tax advantages to donors)



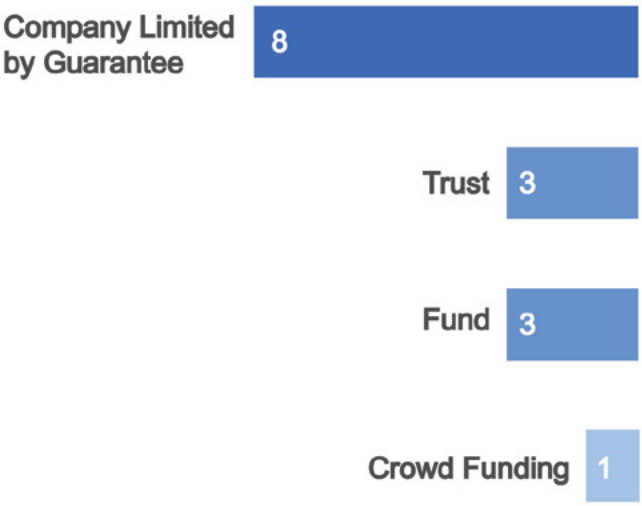
Sustaining family values and closeness

- A value-based family activity
- Lead by example in philanthropic engagement and giving
- Reasons for family members to come together to make grant decisions.

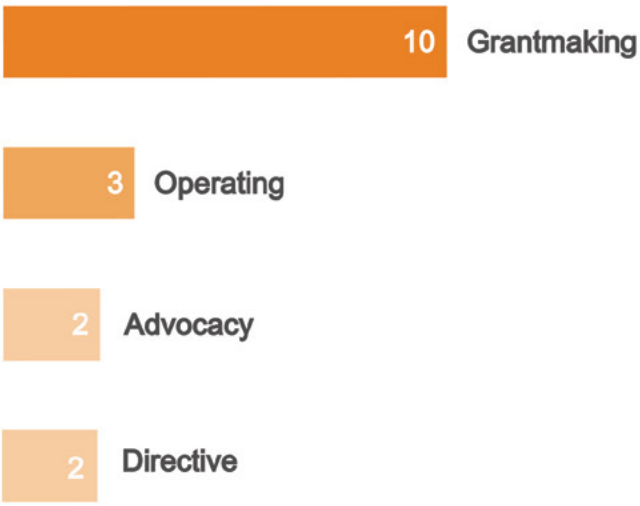
How families practise their philanthropy

Family foundations engage at different levels regardless of their manner of giving. Grantmaking may be responsive to appeals for grants or they may be directive in originating projects. In service provision, they may establish operating foundations or use their networks to mobilise third-party resources.

How foundation assets are held



How foundation contributes



** numbers do not add up to 11 due to use of multiple structures and manner of implementation*

Different ways of engaging

Giving assets

- Endowments intended as capital in perpetuity
- Fixed sums to be fully disbursed over several years
- Annual commitment of funds linked to business profits

Directive partnerships

- Commission research
- Conceive and fund projects

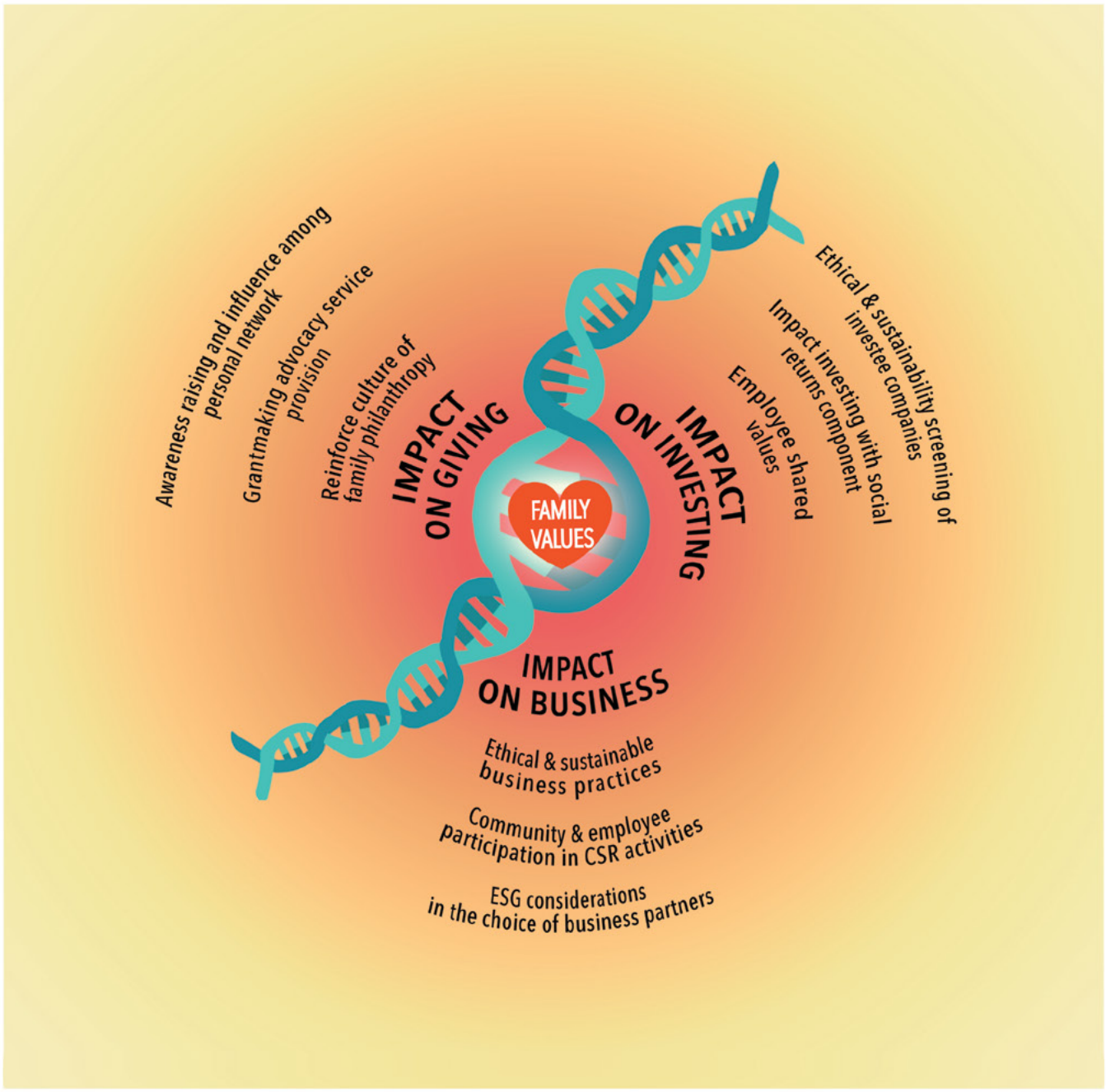


Providing services

- As service provider through an operational foundation
- As catalyst and innovator
- As a business focused on the bottom of the pyramid

Mobilising resources

- Advocacy
- Crowd sourcing and rallying support
- Leverage personal/company network to raise awareness and funds


Awareness raising and influence among personal network
Grantmaking advocacy service provision
Reinforce culture of family philanthropy
IMPACT ON GIVING
FAMILY VALUES
IMPACT ON INVESTING
Employee shared values
Impact investing with social returns component
Ethical & sustainability screening of investee companies
IMPACT ON BUSINESS
Ethical & sustainable business practices
Community & employee participation in CSR activities
ESG considerations in the choice of business partners

Executive Summary

This study explores family philanthropy in Singapore, as practised through the family foundation. Throughout the documented history of Singapore, private philanthropy has played an important role. This study looks into why some philanthropists decided to institutionalise their giving by setting up and funding a private family foundation, and how they go about their different ways of expressing and sustaining their philanthropy.

This study is presented in three main sections. The first provides a brief overview of the data and trends pertaining to family philanthropy globally and in Singapore. The second section presents the essence of family philanthropy through the words of current day family philanthropists as interpreted by the researcher. The third section looks forward to the future of institutional family philanthropy in Singapore, discussing the challenges and opportunities emerging from the conversations with the philanthropists. Highlights follow:

Resources to evaluate grant requests

The relatively low level of investments in staffing in many grantmaking foundations has limited their ability to achieve greater impact. With little administrative support to research, understand and evaluate some of the more complex issues being addressed by grant applicants, innovative solutions to unmet social needs are less likely to secure funding approval from foundation board members wary of the unfamiliar. This is particularly so in boards composed of members appointed by virtue of family lineage rather than their interest in philanthropy.

Engaging the next generation

Although family foundation leaders have invested in structures to secure the continuity of uninterrupted cashflow for the foundation's activities, less attention has been given to engaging the hearts and minds of next-generation members in the family's philanthropy.

Fidelity to the founder's vision

Strict adherence to a foundation's mandate could push younger generation family members to start their own philanthropic initiatives should their passions not align with that of the founder or the causes that are supported by the family foundation. This raises the question as to whether the family foundation should confine its activities solely to the founder's stated objects or allow later generations of leaders the liberty to reshape the foundation objects to reflect their personal passion and current societal needs.

The tension between founder's vision and personal philanthropic interests of later generation family members could pose a challenge to continuity. Core to continuity is the founder's intention: in setting up the foundation, did the founder intend a continuity of support for a chosen cause, a continuity of family involvement in the foundation, or a continuity of the spirit of philanthropy among family members? This study finds that the founder's intention has not been made clear in family foundations.

Applying a consistent set of values to all activities undertaken

A few among the families sought to integrate family and business values. These families expressed the belief that the family firm should exist for a more noble purpose than just making money – the business itself can be about doing good. As yet, these voices are in the minority. To many, making money and giving it away are separate matters and the practice of the one need not impinge on the activities of the other. The growing call for businesses to be responsible for more than business profits as epitomised in the United Nations 2030 Agenda for Sustainable Development lends support to the move among some of the focal families to apply consistent principles of ethics, social and environmental responsibility in business, investment and philanthropy.

Potential for impact - a call to action

Perhaps the most important contribution family philanthropy can make is when the family sits together to discuss the values that underpin their philanthropy, and how these are reflected or violated in the way the family engages the world. Some families have begun to challenge the premise that the primary purpose of the business is to increase profits. Under their leadership – together with the family businesses to which they are affiliated, and the family offices that manage their assets – and with their ability to raise social awareness and influence business practices, a new and better world order may be possible.

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1. Introduction

"Private wealth has always been influential. But when it is transformed into a foundation … no longer is the use of wealth simply the expression of personal whim and ego … Philanthropy becomes a legitimate and ennobling process, elevating the accident of kinship into the loftier realm of civic participation and responsibility."

(Ylvisaher, 1990, p. 331)

1.1 Background

The Bill and Melinda Gates Foundation. The Rockefeller Foundation. Andrew Carnegie. The visionary philanthropic leadership and generosity of these names convey simply, yet powerfully, what family philanthropy can do for humanity. In the United States, family foundations made grants totalling US$25.9 billion (43 percent of total grants nationwide) in 2014, almost double that a decade earlier (2005: US$14.4 billion, 39.7 percent of total grants). The number of family foundations had increased to 42,008 (2005: 34,989) with total assets of US$400.9 billion (2005: US$234 billion) – increases of 20 percent and 71 percent, respectively (The Foundation Center[1] website, accessed 18 March 2018).

In Singapore, family foundations are not separately identified but instead are included under the corporate category together with companies. Thus, equivalent data are not available. However, throughout the documented history of Singapore, the philanthropic generosity and leadership of civil society leaders were evident, stretching out some 150 years before the island became a nation (Chew, 2016). Singapore has her own iconic foundations that stand out in the community. The Lee Foundation founded by Lee Kong Chian is known for its generosity and multimillion-dollar grants; the Lien Foundation founded by Lien Ying Chow is distinguished for challenging the status quo; and the Tsao Foundation founded by Mrs. Tsao Ng Yu Shun is well-recognised as an operating foundation changing how Singapore looks at ageing, longevity and the well-being of older people, and for pioneering ways of enabling ageing in place. Other notable philanthropists in the history of Singapore were Tan Tock Seng after whom the hospital he founded in 1844 was named, and Gan Eng Seng who is most remembered for founding and privately funding Gan Eng Seng School during his lifetime. Unlike Lee, Lien and Tsao Ng, philanthropists Tan and Gan did not establish a foundation but gave directly in their personal names.

The Straits Times (Tan, T. 26 June 2016. *The new philanthropists in town: Not just about writing cheques, but also strategic giving.* The Straits Times) reported a threefold increase in the number of private charitable institutions registered with the Commissioner of Charities (CoC) in the last decade as compared with the previous one. There are over 400 foundations and trusts registered with the CoC in Singapore (Tan & Lam, 2018). While the office of the CoC does not separately identify family-linked charitable institutions from within this group, two institutions that specifically work with private individuals to help them institutionalise their giving reported a growing number of people setting up charitable funds and injection of endowments thereto. The Community Foundation of Singapore[2] (CFS) has helped its clients set up over 100 funds in the 10 years since its founding (The Community Foundation of Singapore Annual Report 2017). SymAsia Foundation, manager of a donor-advised fund (DAR), reported donations of S$73.3 million in the eight years since its founding

[1] *The Foundation Center was established in 1956. It positions itself as a leading source of information about philanthropy worldwide, providing data, analysis, and training. https://foundationcenter.org/.*

[2] *Community Foundation of Singapore was founded in 2008 to facilitate and encourage private philanthropy in Singapore. It reports to the Ministry of Culture, Community and Youth (MCCY).*

(SymAsia Foundation Annual Report 2017). A number of private banks in Singapore have special philanthropy advisory units that provide their clients with advice in setting up their family foundation or a family trust to handle their philanthropic grants. Anecdotal comments from some of these private banks also indicate a growing interest among their clients to set up family foundations and endow these with assets for philanthropic purposes.

Why did these philanthropists decide to institutionalise their charitable giving? Why set up a dedicated entity through which to channel their philanthropy rather than continuing with the way they had been giving – personal and direct? While much has been written in popular media about the generosity of some of the world's most prominent philanthropists, there appears to have been little specific scholarly attention directed at understanding what motivates the institutionalising of family philanthropy and how this has influenced its form and practice and its evolution over time. This study was designed to address this gap in the context of Singapore.

1.2 Objectives of this study

The overall purpose of the study is to better understand why families chose to institutionalise their giving and the practice and continuity of family philanthropy in Singapore. Private individuals in Singapore generally make monetary philanthropic contributions through three channels: (1) acting in their personal names or the name of someone they wish to honour; (2) acting through their family business as part of the company's corporate social responsibility (CSR) agenda; or (3) in the name of a family foundation – a charitable foundation (or other legal structure) in their family name or the name of an ancestor, or some other name closely associated with the family. This paper is concerned with family philanthropy that takes the form of the family foundation.

In this paper, the term *foundation* is used to refer to an entity, whether incorporated or not, regardless of legal form, that is separately identifiable and so identified as the outlet through which the family channels its philanthropic giving. Taking the lead from the possible dimensions that define a family foundation, this study focusses on the family dimension and explores the thinking around *why* and *how* the people behind Singapore family foundations engage in philanthropy. Specifically, this study seeks to answer the following research questions:

(a) *Why* do founders institutionalise their philanthropy?

(b) *How* do founders decide on the legal and organisational form for their philanthropy?

(c) *How* do the families give effect to their philanthropic aspirations?

(d) *How* is continuity of the family's philanthropy achieved?

The intended readership of this report is the entire community that is interested in the practice of family philanthropy. This includes the philanthropists themselves who could be interested in how other like-minded people have gone about their practice of philanthropy, directors on the boards of family foundations, advisors and consultants in the social sector and financial industry whose remit it is to help and guide philanthropists in fulfilling their desire to set up a family foundation, and researchers seeking to gain insights into the research questions posed. Non-governmental agencies in the social space and potential beneficiaries seeking to engage family philanthropists and attract their support could also benefit from a better understanding of how these philanthropists feel about their giving and how they practise their philanthropy.

2. Data and Trends on Family Philanthropy

2.1 A brief look at family philanthropy across the globe

Foundation philanthropy in the United States is popularly regarded as the world leader in terms of its size and impact. According to the most current statistics available from the Foundation Center, in 2014, the 50 largest foundations (0.12 percent of the 42,008 foundations in the United States in 2014) accounted for US$6.24 billion or 24 percent of the total grants of US$25.95 billion. While the work of the very large foundations has been most in the limelight, most family foundations in the United States are small with assets of between US$500,000 and US$1 million. Judging by the number of publications on the topic, foundations in the United States and their philanthropy are also the most scrutinised and documented and a useful source of information for those wishing to study foundation philanthropy.

In the global picture of philanthropy, there are two broad categories of donors: individuals and institutions. Institutional donors can be further categorised as independent foundations, private family foundations, corporate (or company-sponsored) foundations, private operating foundations and international foundations (Council on Foundations[3] website, accessed 18 March 2018). The development of the philanthropic foundation began largely in the 20th Century in the United States when wealthy American industrialists began establishing private foundations for philanthropic purposes, endowing them with often substantial portions of their personal wealth (Bulmer, 1995). These foundations were an important part of the third sector outside of business and government, and evolved from giving alms to the poor, to instigating and funding research into social issues such as poverty and its causes, and social engineering, while maintaining their distance from government (Bulmer, 1995).

Among these, the Rockefeller and Carnegie foundations were instrumental in shifting the focus of family philanthropy from alms-giving to social reform (Fleishman, 2007). No longer were these foundations satisfied with giving to the needy; rather, the focus shifted to identifying and dealing with the underlying causes at the root of the problems (Bulmer, 1995; Fleishman, 2007). Foundations began to speak of enhancing society's ability to identify and influence fundamental processes in social and scientific problems and "equipping the poor with the skills needed to escape poverty" (Fleishman, 2007, p. 41), funding targeted research in the natural and social sciences.

Fleishman (2007) differentiated between what he referred to as instrumental giving and expressive giving. Expressive giving was more typical of smaller foundations, recognising that the size of their grants made it unlikely they would achieve noticeable impact alone. Some of these foundations gave as an expression of their support for the cause, not expecting much in terms of direct impact. Instrumental giving, on the other hand, involved tackling a specified social problem with a view to achieving impact, epitomised in Carnegie's approach of achieving systematic change through systematic giving (Fleishman, 2007). Some took a hands-on approach in instrumental giving, defining the specific objective to be achieved and controlling the strategy and its implementation. Execution was most commonly through focussed programmes funded, staffed and controlled by the foundation. One such programme was the Green Revolution conceived in 1945 and funded by the Rockefeller Foundation (Fleishman, 2007). Other foundations have chosen to define and fund grants for specific programmes to be executed by partners with the requisite expertise, an example being research grants to universities (Fleishman, 2007).

In Europe, foundations in Britain bore the greatest similarity to the United States model in respect

[3] *The Council on Foundations, founded in 1949, is a nonprofit leadership association of grantmaking foundations and corporations in the United States.*

of the professionalisation of management and grantmaking whereas France, Germany and Spain were less influenced by the American model (Rey-Garcia & Puig-Raposo, 2013; Pache & Gautier, 2014; Gautier, Pache & Mossel, 2013). In France, after the French Revolution, the state was declared solely responsible for the welfare of French citizens. All charitable associations were dissolved and private foundations nationalised (Gautier et al., 2013). It was only in 1987 that French law recognised foundations as an institution holding private assets to be applied to charitable causes. Most early French foundations after that date were established as operating foundations. Grantmaking entities emerged later, forming 30 percent of all French foundations according to statistics in 2011.

Despite its reputation as a region that is producing millionaires at one of the fastest rates in the world, little formal research is available that specifically targets family giving in Asia. The most comprehensive studies to date are the UBS-INSEAD study on philanthropy in Asia (Mahmood & Santos, 2011) and the EIU 2011 report, *Something's gotta give – the state of philanthropy in Asia* (Morris, 2011). Little official data is available as family philanthropic giving is largely kept private and quiet due to a combination of religious practice that abhors publicising one's largesse, an environment in which many are envious of others' success, and fear of attracting unwanted scrutiny of government authorities in respect of source of wealth (Morris, 2011).

Institutionalised family philanthropy is a relatively recent phenomenon in Asia, with the greatest number of foundations established only since 1990 (Mahmood & Santos, 2011). Private philanthropy is regulated to different extents in different countries. Typically, foundations have to comply with a registration and reporting process although the rigour of requirements and policing process vary across jurisdictions. The availability of tax benefits for charitable donations varies across Asian countries and is considered limited, unhelpful and opaque in such countries as China, Indonesia and Philippines (Morris, 2011). In Singapore, tax exemption applies only if the funds are applied in Singapore. As most countries in Asia do not levy estate taxes, they are not generally considered to have a major impact on gifting. Instead, Asian family philanthropy is shaped by a combination of altruism, pragmatism and family-related goals (Mahmood & Santos, 2011).

Among some entrepreneurs, their desire for a high degree of operational control, mistrust of NGO (non-government organisation or voluntary welfare organisation) capabilities and practices, and the prevalence of corruption has led them to establish their own operating foundations (Mahmood & Santos, 2011; Morris, 2011; Jansons, 2015). Whether through operating foundations or through grantmaking, much of Asian philanthropy was found to be still directed towards the traditional sectors of religion, education, health and poverty alleviation in the local community (Mahmood & Santos, 2011). This had begun to evolve, however, with younger generations of philanthropists observed to be more willing to fund less traditional sectors such as the arts and environment and to give to the needy in other countries (Mahmood & Santos, 2011; Jansons, 2015). Among Asian countries where the practice of philanthropy was more established, philanthropists were observed to be increasingly focussed on strategic philanthropy and impact measurement, and looking for innovative solutions able to make a lasting impact (Morris, 2011). An understanding of where Singapore foundations are along the scale of traditional giving versus preferring more innovative and impactful philanthropy is important for grant seekers to help them tailor their pitch and be more effective in fundraising.

2.2 Family dynamics and governance in family philanthropy

There is no universally accepted single definition of family philanthropy. Definitions emphasise the presence and impact of family in the foundation's activities. These include donor intent and legacy, source of assets, self-identification as a family foundation including possibly having the family name or name of founder in the foundation's name (Moody, Lugo Knapp, & Corrado, 2011), and influence and involvement of the founder's family and descendants in the foundation's strategy and governance (Moody et al., 2011; Gersick, 2004). A list of dimensions considered relevant in determining if a foundation should be classified as a family foundation is presented in ANNEX 1.

Family dynamics were found to play an important part in the structure and process of U.S. family foundations (Gersick, Lansberg & Davis, 1990; Angus & Brown, 2007). Often a committee made up of a sub-group of board members was tasked to screen grant applications; however, the full board was involved in the final decision-making (Gersick et al., 1990). In larger families, there was a tendency to involve a greater number of family members more for the sake of participation than because of workload. Grantmaking strategy and processes could be disrupted by conflict, largely among members of the same generation as they jostled for power or played out unresolved hierarchical tensions and issues from their childhood (Gersick et al., 1990). Board processes were reportedly smoother if family governance process were in place (Angus & Brown, 2007).

Two characteristics of U.S. foundations were found to have a bearing on decision-making and foundation structures and processes: foundation stage of development or age, and the level of board control or involvement of non-family professional staff either on the board or in executive staff positions (Gersick et al., 1990; Lungeanu & Ward, 2012). Grantmaking in the founder's generation was largely directed towards areas of personal concern and interest of the founder, broadening out in the second generation to accommodate their respective interests (Gersick et al., 1990; Lungeanu & Ward, 2012). Younger foundations were found to be more focussed in their giving, with greater diversification and a larger proportion of non-family professionals on the foundation board noted in later generations (Lungeanu & Ward, 2012). Decisions were made based on majority vote (Angus & Brown, 2007) or occasionally by tacit collusion where family members refrained from objecting to each other's proposals (Gersick et al., 1990).

In a survey of family foundations in the United States, Angus and Brown (2007) found that board membership was largely informally decided with no official terms of office. There was a preponderance of family members on the board (Angus & Brown, 2007), with board appointments made more on family-based criteria rather than perceived capabilities and qualifications (Gersick et al., 1990). In later generations, reduced family identification contributed to greater difficulty in recruiting suitable family members to the foundation board and a greater risk to continuity of family involvement in the foundation. Understanding how families go about engaging next generation members in the work of the foundation and on its board are important topics for family foundations in Singapore where family sizes are small.

2.3 Family philanthropy in Singapore

Throughout the history of Singapore, private philanthropy has played an important role. The earliest record of substantial philanthropy was Tan Tock Seng's founding of the Chinese Pauper Hospital (later renamed Tan Tock Seng Hospital) in 1844 (Chew, 2016). The first family foundations in Singapore were founded after World War II. Among them, Singapore's philanthropists and their foundations contributed substantial sums for building schools, universities and hospitals; gave to research and research facilities; and provided funds for poverty alleviation, homes and care for the underprivileged, the disabled, the elderly and children (Prakash & Tan, 2015; Pang, 2016). Singaporeans from all walks of life have shown themselves to be generous as seen in the successful fundraising efforts for building Nanyang University in 1955 and more recently during the outbreak of SARS in 2003 (Prakash & Tan, 2015).

While many donate directly in their own names, others have chosen to set up more formal structures through which they make grants. A quick scan of the list of registered charities on the Charity Portal revealed a range of types of legal entities employed by Singapore-based families in the practice of their philanthropy. The most common forms employed by the focal families in this study included the company limited by guarantee (CLG), common law trust (Trust) and funds or sub-funds, including donor-advised funds (Funds). Importantly, the entry level for institutionalising family philanthropy has been lowered through the introduction of donor-advised funds and introduction of philanthropy advisory services by private banks and such institutions as CFS. As of March 2018, almost half of the funds set up by CFS were for families. While other studies have inquired into why individuals

give, there is a gap in our understanding of why they might choose to institutionalise their giving and how they decide which legal form to employ.

In Singapore, the office of the CoC regulates the sector. All charitable entities have to be registered with the CoC and comply with certain conditions in respect of grantmaking and governance. Grantmaking conditions include a definition of what qualifies as charitable purposes and the requirement that the bulk of the grants would be made to Singapore beneficiaries. For all institutional forms, founders are required to set out in the respective constitutional documents the purpose of the foundations and sectors they plan to benefit in their grantmaking. Perusal of the entries in the CoC database indicates these vary widely from very specific (several) to broad and general (most). Conditions regarding governance include the filing of annual returns and requirements regarding the Board of Directors and audit requirements. Family foundations may qualify for a lighter touch regime through the Grantmakers Scheme under which they enjoy greater flexibility in respect of grantmaking and board composition (refer to **Grantmakers Scheme** – Charity Portal and ANNEX 4: Regulation of Grantmakers).

Institutions registered as charities with the CoC in Singapore are exempt from income tax under section 13(1)(zm) of the Income Tax Act. In addition, they may apply to the CoC for the status of an Institution of a Public Character (IPC). Donors to IPCs enjoy income tax exemption of a multiple of the sums donated.

There is a shortage of robust numbers showing how the family philanthropic dollar is spent in Singapore where personal and family grantmaking still tends to be private (Wong, W. H. 15 December 2015. *More wealthy Asians turn to philanthropy - but on the quiet*. The Straits Times). The annual report of the CoC provides an overview of the charity sector in Singapore; however, data captured in respect of grantmaking and charitable donations do not separately track family philanthropy. Personal giving is captured as donations from individuals whereas grants channelled through a private foundation set up by the individual or his/her family are reported as institutional giving. This makes it particularly difficult to separate the numbers specific to family philanthropy since the private giving of family philanthropists is potentially captured in two different sets of data.

Singapore foundations were reported to be more grantmakers than operating foundations (Mahmood & Santos, 2011). Popular media reports show Singapore philanthropists to be giving in increasingly non-traditional ways, moving away from chequebook philanthropy and becoming more engaged including kickstarting initiatives on their own (Tan, T. 26 June 2016. *The new philanthropists in town: Not just about writing cheques, but also strategic giving.* The Straits Times). This study explores whether the reportedly new approach to philanthropy applies only to fresh foundations or whether older foundations are also transforming the way they give.

Singapore foundations were also reported to be shifting towards becoming more discerning and demanding in respect of making an impact (Mahmood & Santos, 2011), implying a considered and professional approach to needs and project assessment. At the same time, it was also observed that few Singapore foundations employed full-time staff (Tan, T. 26 June 2016. *Long-time givers: Who's who*. The Straits Times). The reported state of affairs does not appear sustainable nor conducive for professional grantmaking. This study seeks to contribute to our understanding of family foundations in Singapore and how they go about their different ways of expressing and sustaining their philanthropy.

3. Method and Data

In view of its exploratory nature, a qualitative research approach was considered appropriate. Data collection was by means of semi-structured interviews with open-ended questions. The study centred on the family foundation as being representative of the family's philanthropic intentions and activities. For the purpose of this study the term *family foundation* is used in a non-technical, non-legal form to refer to a structure or economic entity set up by an individual for the primary purpose of serving as the conduit through which philanthropic contributions from the founder and the founder's family are channelled. Thus, for the purpose of this study the family foundation may take on various legal forms, examples of which could include the common law trust, a company limited by guarantee, a donor-advised fund or sub-fund, and any other entity that meets its philanthropic purpose.

3.1 Sample selection

All charities in Singapore are regulated by and need to be registered with the Commissioner of Charities. Accordingly, the primary source of sample selection was the list of registered charities on the Charity Portal, *https://www.charities.gov.sg/*. Eleven philanthropic vehicles controlled by Singapore-based families were selected for this study. Consistent with its exploratory nature and desire to develop an understanding of the players in the sector, sample selection was purposeful. Specifically, a number of criteria were considered with a goal of achieving an inclusive and broad sample.

The primary filter applied was date of establishment of the foundation. In examining foundations of different maturities, we hoped for insights regarding how the thinking of founders and their families evolved over time and as they involved themselves in the practice of family philanthropy. Three age categories (*vintages*) were defined with reference to their age at the start of this study: (i) *young* foundations under 10 years old, (ii) *established* foundations between 10 and 30 years old, and (iii) *mature* foundations founded over 30 years ago. The vintage grouping was decided by the researcher based on the reasoning that (a) it takes some time for a young foundation to stabilise in its modus operandi, (b) years of experience, growing confidence and the passing of time may have influenced the current practice of the established foundation, and (c) after 30 years, the mature foundation is likely to have had to deal with leadership succession, and the years in between may have influenced the current practice of the established foundation – all producing insights of interest to others in the field or those seeking to enter the field.

A second filter was ethnic groups. Inclusion of family philanthropists from different ethnic groups may help us explore the influence of ethnic, cultural and religious beliefs. Specifically, the Islamic practice of zakat has led philanthropic donations in the Muslim community to be channelled mostly through religious organisations rather than as private philanthropy. A deliberate attempt was made in this study to include family foundations across the Chinese, Malay and Indian communities.

Since the objective was to study family philanthropy, another important filter was the presence of family involvement. Family philanthropy implies the involvement of family members in the foundation. In selecting the sample, we looked at primary contact persons and board of directors to identify those foundations where family members appeared to be actively engaged in the foundation's strategy.

Other criteria were applied with the goal of gaining a broad perspective of family philanthropy in Singapore and included types of legal form and the presence of multiple entities and family members. As mentioned, Singapore-registered charities listed on the online Charity Portal were the primary source of sample selection. Basic information on the registered charities available on the portal includes their vision, objectives, names of members on their board of directors or trustees, and contact details.

Included in the list of philanthropic entities on the portal are donor-advised funds and sub-funds held under an umbrella fund such as those

administered by CFS, SymAsia Singapore Fund (SSF) and the Muslim charity, Mendaki. As the institutions managing these funds are bound by a duty of non-disclosure, no details are available from them regarding their participating philanthropists. Thus, media articles featuring Singapore philanthropists were examined as a secondary source of subjects for this study on family philanthropy in Singapore. The process involved a Google search using the words: Singapore, foundation, philanthropy, family, giving, charity, and generosity.

A shortlist of target subjects was put together applying the criteria set out in the preceding. A grid was set up and criteria ticked off as appropriate. Foundations with the highest number of columns checked were prioritised in the shortlist. Once this list was compiled, the next step was to search for a channel for introductions. This was considered necessary given the reputation of a large segment of Asian philanthropists for preferring to give silently in the belief that in philanthropic acts, the left hand should not know what the right hand is doing. Personal contacts, business associates and professional intermediaries who were known to be friendly with or related to the target subjects were approached to assist with an introduction and to sound out the target subjects regarding their willingness to be interviewed for this study. For those subjects where no avenue for a warm introduction was found, direct emails (cold calling) were sent to the contact persons specified on the Charity Portal, together with a brief explanation of the objective and scope of the study. No replies were received to any of the cold call emails despite a follow-up email being sent. For the others, introductions from friends and relatives received the most positive responses. Requests made through intermediaries were not as well received, with only one resulting in agreement to participate. Where reasons were given for non-participation, these appeared to reflect a sense of humility and were largely around the themes of "we don't like to talk about our philanthropy" and "we're still trying to figure this out – we're not ready to talk about it yet". The researcher worked through the shortlist one name at a time until the requisite number of acceptances was attained. In total 11 families were recruited, two in excess of the planned nine. One of the additional families arose from a delayed response after the researcher had given up hope of getting an acceptance. The second additional family arose from an extra referral from a source. Both extra families were included as welcome additional sources of potential insights.

In some cases those contacted suggested follow-up interviews with other family members who they believed could provide additional interesting insights and answers to questions they felt themselves unable to satisfactorily answer. Accordingly, these additional individuals were contacted and interviewed. In all, 14 individuals were interviewed. The families who contributed to this study are referred to as *the focal families* or *the families* and their foundations as *the focal foundations* or *the family foundations* in this report.

3.2 Data collection

The data collection techniques involved in-depth interviews with active representatives of the family foundations, supplemented by documentary review. In-depth interviews are widely recognised as an efficient source of rich empirical data (Eisenhardt, 1989).

For this study, the researcher employed semi-structured interviews, following a template of themes and questions. Semi-structured interviews allow the interviewer to cater to the level of comfort of the interviewee in building rapport (Barriball & While, 1994; DiCicco-Bloom & Crabtree, 2006; Dilley, 2000). The flexible format of semi-structured interviews facilitate a free-flow conversation, allowing the interviewee to extend the conversation in directions they consider meaningful rather than being constrained to topics considered important by the interviewer (Dilley, 2000). This makes semi-structured interviews a particularly useful technique for exploratory studies (Eisenhardt & Graebner, 2007). Reference to a template of themes and questions ensured the basic research questions were addressed.

Permission was obtained to audio-record the interviews which were then transcribed verbatim, coded using NVivo 11 software and analysed. Participants were free to decide whether or not to have their quotes attributed to them and have their foundations named in the report. In some cases, participants requested parts of the interview to be

conducted offline in view of the sensitivity of the topics being discussed. All restrictions imposed by the participants have been strictly observed and complied with. Information, where meaningful, has been used in an aggregated and anonymised manner to preserve the confidentiality requested by participants, while still contributing value to our understanding of the family philanthropy as it is practised in Singapore.

Data collected through interviews was supplemented by documentary reviews where feasible. This included a review of the websites of the focal foundations, where available, and media articles with mention of the philanthropic activities of the families concerned. In some cases, reference was made to the National Library oral history archives for interviews with founders speaking about the background to the setting up of the foundations, where these were available. The following documentary sources of data were analysed:

- Websites of the family foundations
- Media articles pertaining to the philanthropy of the selected families
- Oral history archives of the National Library wherein the founders of the selected family foundations and/or their philanthropy are discussed
- Data about the selected foundations accessible through the Charity Portal
- Data found through internet searches using these keywords, either singly or in a combination: family name, family foundation name, philanthropy, and family flagship company name

A summary of the sample selected is set out in ANNEX 2.

4. Findings and Analysis

This section of the report is organised in accordance with the research questions. First the motivations for institutionalising the family's philanthropy are discussed. Then the report describes and draws insights on the structure and practice of philanthropy among the family philanthropists in Singapore who are the subject of this study. Finally, the question of sustainability is explored.

4.1 Motivation: Why institutionalise?

All but one of the founders of the family foundations in this study were already active donors to their chosen causes prior to setting up a dedicated entity (hereinafter referred to as the *family foundation* or *foundation*) for their grantmaking. All representatives interviewed confirmed the establishment of the foundation as formalising the founder's philanthropy and signalling his/her intention to continue to give. The reasons for channelling their grantmaking through a family foundation were varied.

4.1.1 Sharing the wealth

The most common reason for setting up a foundation was to give effect to the founder's intention to irrevocably dedicate a substantial portion of his/her assets for philanthropic purposes. Once transferred into the charitable entity, these assets were no longer available to the founder or his/her family members and future generations for personal use. In this way, in an act of pure generosity, the founder separated assets intended for charitable purposes from assets intended to benefit the family. Three approaches to dedicating funds for philanthropic objects were observed: (1) endowments intended as capital in perpetuity; (2) fixed sums to be fully disbursed over several years; and (3) an annual commitment of funds for grantmaking.

Endowments in perpetuity were the most common form encountered in this study. Among the focal foundations, most of the large endowments were in perpetuity. Some founders dedicated a substantial percentage of their assets to their foundations during their lifetime while others by way of a bequest in a will. In one case, the initial endowment was increased substantially through a bequest upon the founder's passing. Foundation assets comprised shares in the family business, income-generating properties, and cash. In most cases, the intention was for the endowment to be a permanent asset base with only the income generated from the assets being disbursed for grants and other philanthropic purposes.

In one case, a philanthropist founded and endowed an operating foundation making no clear statement on whether the funds were to be preserved as a permanent endowment or intended to be drawn down in fulfilment of the mission. As the foundation's operations expanded, increasing sums were needed to defray operating expenses. Family members had to decide whether to curtail the foundation's operations or if they wanted to continue to support it with additional funding.

Fixed sums for grantmaking were more common among younger philanthropists. These founders thought the sums they were able to contribute – while meaningful as grants – would generate insufficient returns for grantmaking if designated as capital for an endowment fund. These founders were typically still comfortably in their income-earning life-cycle and chose to dedicate some portion of their assets to be fully disbursed to philanthropic causes over a predetermined period of time. By setting aside fixed sums, they were able to commit support for projects with multi-year funding needs. For one such founder, the depletion of the funds has been useful in pushing her family to think more deeply about whether and why they might wish to put more money into the fund, and to clarify their philanthropic mission and engagement strategy.

Annual commitment of funds was normally linked to business profits. Two foundations began with a commitment of annual funding from business profits but without a capital endowment. In one foundation, the sum transferred annually was to be fully disbursed within the year. Should the founder, or his children after his lifetime, decide not to continue with this philanthropic undertaking, it

could be terminated conveniently with no need to consider what to do with residual capital sums. In the second case, only a portion of the funds was disbursed, with the balance set aside to build an endowment fund within the foundation. The plan was for a target sum to be built up over 10 years with a view to the foundation becoming self-funding thereafter. A hybrid set-up was also observed in a third case wherein all royalty income from a book authored by the founder was pledged to the foundation in addition to an initial endowment.

In summary, how the founders chose to share their wealth in the funding of their foundations appeared to reflect a number of factors, among them their level of wealth, where they were on their earnings life-cycle, their level of conviction, and their certainty regarding continuity of their family's dedication to giving. Those reluctant to commit themselves or their descendants to continuing with their philanthropy on a long-term basis chose not to set up an endowment, preferring other gifting strategies. This is discussed further in section 4.2.1 on Structures employed - legal form.

4.1.2 Getting organised

Some families set up a foundation to enforce greater discipline, better organisation and a structured process for their philanthropy. In a number of cases, an important trigger for taking the step to set up a foundation was the recognition of the need to get better organised in respect of the family's philanthropy. The process of setting up the foundation forced the founder to reflect more deeply on several key questions regarding his/her philanthropy, most importantly which causes and communities to benefit and how to help.

The necessity of deploying foundation funds forced the founding family to be more structured and considered in their giving rather than just making grants in an ad hoc manner. In the words of a focal family member:

> *Every year we loosely say that we have a certain sum to disburse. Then we can come up with a plan, as opposed to give when you can or when you feel, where there's no structure.*
>
> *Rebekah Lin, Representative*
> *Jia Foundation*

The establishment of the foundation was often accompanied by the setting up of a governance structure including a grantmaking committee and a review process. Having grant requests directed to the foundation for review professionalised grantmaking, clearly separating the evaluation of the merits of the grant request from personal relationships by putting some distance between the grant-applicant and founder.

> *We set up the foundation so that there is a certain due diligence process and also a more considered way to give. Plus, it also was serving as a shield to the undesirables so whoever should approach the founder too randomly to ask for whatever, the founder can then say, "Oh okay, I'm giving through the foundation. Talk to the foundation." So those who are genuine, it'll get through; those who are not, it's kind of a good check-and-balance system.*
>
> *Director*
> *Foundation F2*

Coursing grants through the family foundation also facilitated keeping track of commitments and grants - when different family members were separately writing cheques, there was the risk of either overlooking to fulfil an annual grant commitment or multiple donations to the same beneficiary. Writing cheques through the foundation created a central record of all total donations made from one year to the next.

In summary, the need to better manage grantmaking and keep track of funds disbursed galvanised some founders to institutionalise their giving. When an important reason for institutionalising was to get organised, this was normally reflected in the philanthropist's choice of legal and organisational structure. This is further examined in a later section dealing with structures.

4.1.3 Fulfilling a mission

Some founders had a clear social mission that they wished to pursue and established an operating foundation to drive developments in their chosen area. The clarity of the mission provided a focus for the activities to be undertaken. Furthermore, the foundation was able to apply for IPC status which

could facilitate fundraising because of the tax benefits available to donors in respect of monetary gifts made to these foundations. In respect of grantmaking, endowing a foundation made it possible for the foundation to continue extending financial support to the chosen sector long after the founder's personal lifetime.

Focal families who considered their foundations to be fulfilling a mission tended to have a more focussed strategy targeted at a defined segment of the community. These foundations were also seen to engage more closely and directly with the beneficiaries in the community, rather than merely indirectly through intermediaries and service providers. Among the focal families, two examples that illustrate this are Tsao Foundation and Harun Ghani Education Fund.

Tsao Foundation

Called back from the United States where she was a practising paediatrician, Mary Ann Tsao was tasked by her grandmother to look into what could be done to enhance the quality of life of older persons so that they could age with dignity.

> *I think the main thing is grandmother thought it's hard to be old. So, she wanted to do something for older people. She said that modern society isn't kind to old age and she was interested in addressing the issue … We are running an operational foundation because my grandma believes in pairing money with action.*
>
> *Mary Ann Tsao, Chairman*
> *Tsao Foundation*

The Tsao Foundation is an operating foundation with IPC status, registered with the Commissioner of Charities. It runs a range of programmes related to its mission to enhance the quality of life of the older person. Tsao Foundation provides training, commissions research to identify areas needing attention, pilots programmes to meet new needs, and advocates for the adoption of successful programmes for mainstream government funding.

Harun Ghani Education Fund (HGEF)

When Harun A. Ghani passed away in 2005, well-wishers passed a hat around and collected a sum of money which they handed over to his daughter, Haslinda. Wishing to honour her father's life, she decided to give it to the community he had dedicated a large part of his life to helping. The HGEF was set up as a sub-fund under Mendaki, with IPC status, and Haslinda undertook a fundraising exercise.

With the enlarged funds, HGEF has been able to grant financial awards to children of incarcerated drug offenders to help them pay peripheral expenses associated with getting an education. Two award events are held annually, one each for primary/secondary and tertiary education. At these events, in addition to presentation of award cheques, volunteers are present to advise awardees and their parents regarding how to manage the children's education to achieve better results.

Haslinda's immediate family are all actively engaged in the fund's activities, including her husband, daughters and parents-in-law. Under the auspices of the HGEF, a community of volunteers and well-wishers has flourished. Inspired by Haslinda's enthusiasm, some well-wishers make donations in kind when needed, providing amenities such as laptops and other computer equipment that help with the awardees'

education. Some other gifts, for example a guitar and a bicycle, have been donated as reward and incentive for students who have performed well in their studies.

In addition to HGEF's official purpose of providing financial assistance, Haslinda has a personal mission to help the children of incarcerated drug offenders to persevere in their studies and ensure the habit of turning to drugs is not passed down to the next generation. To this end she personally engages with the beneficiaries of HGEF, encouraging them to persevere with their studies and giving them moral support and encouragement. Proof of the contribution HGEF is making to this community can be seen in the participation of some HGEF graduate volunteers who have successfully completed their tertiary education of choice and are now serving as volunteers with HGEF, helping to counsel and mentor the current generation of young beneficiaries.

4.1.4 Sustaining the family, transmitting values

A few foundation representatives spoke of the family foundation as an avenue to keep the family together and nurture family values. One saw the grant committee as a platform where family members would sit together to develop an understanding of each other's way of thinking in respect of philanthropy in particular and values in general. She hoped that the existence of the foundation would further institutionalise the practice of consciously thinking about extending a helping hand to others in the community and perhaps encourage its adoption in successive generations.

> *We very much want to build the value – that sense of responsibility to others – in our three children as well. We are all different and sometimes we have different views about how we want to give. It's actually very nice to agree on sort of like a pattern of helping people. Having set it up, at least it's institutionalised, it's formalised, so my children can take an active role, and then hopefully their own future generations would continue with it as well.*
>
> *Lim Hwee Hua, Co-founder*
> *Jia Foundation*

For another family, the foundation reinforced family values that wealth was to be shared with the community. The foundation both institutionalised the family's culture of giving and set aside funds to perpetuate its practice.

> *The value system has always been quite consistent: there's a sense that the world is bigger than you and your family, and there has to be the sense of giving back and of understanding that wealth is not something that you own but something that has to be shared. So, if you're going to benefit from the community, there has to be a sense that this wealth belongs to them as well.*
>
> *Sumitra Aswani, Executive Director*
> *Ishk Tolaram Foundation*

One philanthropist thought a role on the foundation's board would bring the children and future generations together to discuss grantmaking if not for any other reason. Especially when family members were scattered across international borders, the periodic board meetings of the foundation were seen as a way to ensure family members continued to maintain contact.

> *Grandmother thought her kids would benefit through the foundation keeping the family together. She was very concerned that when she goes [passes on], then the five children won't see each other. Because they live in different countries so maybe [there is] no natural reason for them to get together. So she thought: get them to meet twice a year as trustees and they will stay together. Which has been more or less true.*
>
> *Mary Ann Tsao, Chairman*
> *Tsao Foundation*

Others among the focal families have considered geographical distances a constraint and made it a policy to only appoint those family members living in Singapore to the board of the family foundation. Non-resident family members were automatically excluded from consideration and not asked whether they would be interested in serving on the board. This raises the question whether, by such practice, the foundation instead adds an emotional distance on top of the physical distance among family members resident in different countries.

Overall, the potential of the foundation as a channel for sustaining family feeling and values appeared to also be an important motivation driving families to institutionalise their philanthropy.

4.2 The structural framework

This section examines how institutionalised family philanthropy is organised. Specifically, the researcher looked at the legal forms most commonly used by families in Singapore and the associated governance structures that are in place to support grantmaking. Leadership and decision frameworks employed are examined.

4.2.1 Structures employed – legal form

Singapore family philanthropy is characterised by a variety of different legal forms. Out of the 11 families interviewed, eight chose to conduct their philanthropy through a company limited by guarantee (CLG), registered as a charity with the Commissioner of Charities. One of the advantages of this structure is its simplicity. As a company, the foundation is easily recognisable as a legal entity separate from the family, thus clearly segregating foundation assets intended for philanthropic purposes from other family assets. Assets transferred into the CLG became the property of the foundation and dedicated to the purpose of the foundation as set out in the foundation's constitutional documents.

In a number of the focal families, assets transferred to the foundation included substantial blocks of shares in the family business. Over time, as family members transferred their personal shareholdings in the family business to their multiple offspring and some sold their shares, family control over the company became fragmented and diluted except for the block of shares held by the foundation. As shareholders, the foundation benefits from the dividends and any other corporate distributions while the family retains influence over the company through the exercise of voting rights in their capacity as directors of the foundation. One focal family foundation has remained the largest single shareholder of a substantial listed company originally built by its founder. While apparently popular in Europe and the United States (prior to U.S. laws being changed), sustaining family control over the business through the foundation was not highlighted by the focal families as a motivation for setting up a foundation.

Three families institutionalised their philanthropy through setting up funds, one administered by Mendaki and two others as donor-advised funds with CFS and SSF. The focal families cited the ease of set up, assurance of good governance, the availability of advice, and low administrative cost of the fund structure as the primary advantages. In addition, CFS provides support to help families crystallise their philanthropic vision and mission as well as put them in touch with potential beneficiaries operating in Singapore.

Another structure employed is that of a trust. Technically speaking, a trust is not a legal entity but an arrangement wherein trustees administer the trust assets for charitable intentions as set out by the donor, referred to as *settlor* in trust arrangements. Where employed among the focal families, the trust was typically used in conjunction with another legal entity. This is discussed in the section that follows.

4.2.2 Separation of grantmaking and asset management (the use of multiple structures)

Many families use multiple structures to support their philanthropy. The focal families were observed to prefer separating the administration of the family's grantmaking programme and deciding on grants from the management of endowment assets. Often, investment management of the funds was vested in the family office, if one existed

for the focal families. Grantmaking, on the other hand, was normally under the purview of a grants committee set up within the foundation itself. Even in the case of families with no separate family office, the committee that decided on grants was usually different from that which managed the finances and investments of the foundation. Occasionally, foundations engaged the services of staff from the family's operating business to assist with administration and reporting requirements. These staff employed in the family's operating business were seconded to the foundation on a part-time basis without salary and employment status in the foundation.

In some cases, a third structure was employed – the family trust. Where used, the trust was the preferred structure for ownership of family assets. Typically, the trust would not be registered as a charitable trust. Given the finality and irreversibility of transferring family assets into the foundation, some founders chose to inject a lower sum into the foundation while leaving the door open to contribute additional sums as and when needed. The main endowment sum was held in the trust and used to fund the annual gifting or operating budget. Big ticket items, if considered desirable to support, were funded with additional funds transferred from the family trust, as described by one foundation executive:

> *It is a very flexible arrangement. If we don't have enough money, the trust will pump in. So, there is an unwritten understanding. Roughly one year our budget is x million. But for the big donations, the foundation hasn't got the millions. So, the trust will pump in the money. The big ones have to come from the family trust.*
>
> *Director*
> *Foundation F2*

Focal families also used the trust vehicle to hold the assets in a separate entity from the family foundation when the intention was to fund non-Singapore beneficiaries. As a condition to qualify for exemption from income tax, foundations registered as charities are required to apply their funds wholly or substantially in Singapore. Family foundations, typically funded primarily by family funds, could qualify for the lighter touch regime for grantmakers, which provides greater flexibility in the making of grants to beneficiaries operating outside Singapore. However, as the guidelines are unclear, some focal families preferred to fund overseas grants from the trust rather than the Singapore registered foundation. An extract from the CoC on the subject is provided in Appendix 4.

Families tended to set up a separate entity to actively engage in service provision as an operating foundation or social service organisation. These operating entities tended not to have an endowment. Rather a separate grantmaking foundation or trust was established and endowed by the founder as previously described, and it is this entity that provides grants to fully or partially defray the expenses of the operating entity. This is further elaborated upon in section 4.2.3 Operating entities and entities with IPC status.

Multiple entities were also used by families where the intention was to honour the memory of deceased close relatives. Aside from remembering these individuals through naming the foundation after them, setting up different entities meant the respective foundations could be set up with objectives near and dear to the namesakes, thus giving each foundation more meaning.

It is important to note that focal families clearly differentiated between family philanthropy and corporate philanthropy carried out through the Corporate Social Responsibility (CSR) activities of their respective family businesses. Some of the families operated two philanthropic platforms concurrently. In addition to the family foundation, some also ran philanthropic projects as a part of the CSR programme of the family businesses. Giving under the CSR programmes had a business component and was also designed as an avenue for the staff to participate and contribute to the local community in which the business operates.

Whereas corporate CSR programmes typically focus on giving back, raising goodwill and raising the company's profile in the community, one family is using their business CSR programme as a catalyst to also encourage a greater awareness and philanthropic spirit among staff and business partners. Upon completion of a major construction project, the company would typically host a charity

completion dinner to which sub-contractors and selected small charities would be invited.

> *We bear the cost of the dinner and invite the small charities to come and present to the people there. The sub-contractors will donate say 50 dollars per seat to come to dinner or thousand dollars for the table. So, the charity dinner will typically raise $40,000, sometimes more depending on the generosity of those attending the dinner.*
>
> *Director*
> *Foundation F10*

Additionally, they also engage their staff to think more deeply about community needs and social programmes through actively engaging them in critiquing the company's CSR activities.

> *We've taken surveys of our staff to say "how do you think we are doing in terms of our philanthropy?" And we ask them which are the charities they want to support. We have done this every 4 years. Next year we have made a policy to promote more volunteerism.*
>
> *Director*
> *Foundation F10*

While the CSR programme tended to be linked to the business, the family foundation was seen as representing the founding family. This was so even in the case of the foundation that bore the name of the business rather than the family. The family's reason for setting up a foundation even though the business had an active CSR programme was to separate the business component from the family's giving and ensure the family's philanthropy would continue regardless of the future fortunes and leadership of the business, further confirming generosity as a primary driver for institutionalising the family's philanthropy.

> *For the company to do the philanthropy it is not easy. It is actually quite a lot of work. And to be fair to them if the company's business grows, whether they have the time or whether they want to carry the overheads for additional people or not, I am not sure. I suppose the foundation was set up to be slightly more independent - to say, "look, even if the company business doesn't do well, there is a part of the philanthropy that still carries on".*
>
> *Director*
> *Foundation F10*

> *As is common with many business CSR initiatives, the programmes had an element of marketing alongside community engagement. As the family business grew and became increasingly successful, a dedicated philanthropic family foundation was established purely to give back, without expecting any returns or benefits for the business.*
>
> *Executive Director*
> *Foundation F11*

4.2.3 Operating entities and entities with IPC status

As noted, where their philanthropy involved active operations beyond grantmaking, the focal families were observed to separate the asset-endowed foundation from the operating entity. In addition to greater privacy and flexibility for the family's other grantmaking activities, this arrangement achieved multiple objectives for the families.

Firstly, where the activities were to be carried out within Singapore, the operating entity could apply for IPC status. If granted, this facilitated fundraising from the public as donations received would then qualify for tax benefits on the part of the donors. Secondly, the operating entity was run professionally and kept a complete set of accounts, facilitating the monitoring of all expenditure and any revenue items, and enabling it to comply with the more stringent reporting and disclosure requirements and supervision the CoC expects of IPCs. Furthermore, as explained by one philanthropist, by keeping the funding separate, the operating entity had to keep a close eye on their budget, justify their spending, and plan their fundraising strategy – in effect applying to the family annually as one of the funding sources.

As IPC status is granted only to activities carried out primarily within Singapore, focal families that wish to venture outside of Singapore set up a separate operating entity for their non-IPC qualifying activities, as previously discussed. By keeping their funds in a separate entity, the focal families are able to continue to fund such activities without restriction.

4.2.4 Governance, boards and grantmaking

Grantmaking was largely influenced by personalities, personal power and influence. Foundations gave as directed by the founder. Foundations with larger endowments and annual grant budgets were typically more formally structured. Full-time executives carried out the functions of sourcing and initial due diligence, submitting proposals for board consideration and approval. Typically, the team of executives comprised a majority of non-family members whereas board members were majority, if not exclusively, family members.

Generally, board changes came about upon the demise of incumbents and less often when board members retired or resigned. The pattern observed among the focal families was for all children of the founder to become board members upon the demise of the founder. The practice varied in subsequent generations. In some cases, all children in the next generation were invited to join the board where the number of family members involved was not prohibitively large. In other cases, only one successor to each board member assumed a board seat, appointed from each branch of the second-generation siblings. The respective family branches decided among themselves which member of the next generation would represent them on the board. Among second- and later-generation boards, decisions tended to be made by majority agreement of the board or the grants committee, if there was one.

For some of the better endowed foundations operating a largely cheque-writing model, smaller grants were normally approved by a single signatory. One foundation applied a *no objections* policy which calls for surfacing potentially sensitive requests for review and discussion before approval. Larger commitments required the approval of the board or, in certain cases, a grants committee. In practice, the actual grantmaking processes were less structured than official procedures suggested. In general, the board would try to approve projects introduced by family members whenever possible. This was particularly so if the family member was the one managing the family business, regardless of whether or not the individual was a member of the foundation board or grants committee.

Many of the grantmaking foundations operated with little administrative support. The focal families opted to minimise what they considered as overhead costs, preferring to maximise the quantum of funds flowing through to end beneficiaries. Even in the larger focal foundations, the analysis of grant applications was largely handled as a side assignment by staff employed by and whose main responsibilities lay within the family business or family office. In many cases, grant approvals depended on non-executive foundation board members. In such circumstances, unconventional projects were less likely to be approved if they require board members to put more effort into understanding them either because they are more complex or just less familiar and untested.

> *I really can't blame those who just want to play safe and it's the same argument: why give money to something that's not safe when there's [sic] people who require more money here that are safer … Just because you are the director of a foundation doesn't mean you've got to spend 90 percent of your life doing that [evaluating grant applications].*
>
> *Director*
> *Foundation F4*

Generational hierarchy posed a challenge in one foundation where board members from the senior generation were seen as being dismissive of recommendations from younger generation family members. In another foundation, the young generation executive director suggested that clear differentiation between advice and decision, and the experience of professionalisation of the family business could be helpful in addressing this issue.

I think we do have hierarchy in the family in the sense that there's a respectful understanding that if someone is older than you, then you tend to defer to them for advice. But at the same time we don't always defer to them for decision making. [The founder's] advice is always very welcome because he has a lot of experience. But we usually give the decision to the person who is best equipped to make the decision as we do with professionals in the business.

Executive Director
Foundation F11

This young generation executive director also cited research and case studies from reputable sources to support her recommendations as she strove to gain acceptance of her ideas in the early period of assuming her role. Over time, she has built credibility and she could now present data from a combination of third party sources and personally-reasoned material in support of her ideas.

4.3 Implementing the family's philanthropy

This section looks at how family foundations in Singapore give effect to their philanthropic aspirations. Beginning with *Targeting grants: Give where?*, this section explores how the foundation's mission is decided and if and how it has evolved over time. This is followed by *Practice: Ways of engaging* – a discussion on different models of giving, from traditional chequebook philanthropy to strategic and actively engaged and operating philanthropic models. *Reflection on values and practices* then takes a step back, wrapping up the discussion with a look at how Singapore families integrate the commercial aspects of their business and investment practices with the professed values underpinning their philanthropy.

4.3.1 Targeting grants: Give where?

The mandate of the family foundations is shaped by two elements: the founder's stated preferences and the personal passions of successors. The objects of the foundation as stated in its constitutional documents provide a formal record of the intentions of the founder and guidance to the family with regard to the operations of the foundation. As practised by the focal families, the objects statement has been more of a listing of the causes to benefit than a vision or mission statement. In some cases the mandate is deliberately broad, in part to build in the flexibility for the foundation's purpose to evolve to meet the needs of future generations of beneficiaries.

When we first started we wanted to get really granular about our mission. Then we realised if we want this foundation to last for hundreds of years as [the founder] intends, then getting too granular doesn't really make sense because we don't know what the next generation is going to be faced with. So we decided to have broad ideas of what we want to achieve in terms of themes and then we will let that be interpreted by future leaders as they come.

Sumitra Aswani, Executive Director
Ishk Tolaram Foundation

Regardless, the scope as set out in the constitution documents was not a major obstacle to how the families desired to practise their philanthropy. One foundation that decided to expand beyond the scope of its initial mandate went through the legal process to make the necessary change to the corporate documents. Another incorporated an additional entity to carry out the activities considered out-of-scope of the primary foundation. Still, in general, the range of possible causes to benefit as stated in the formal documentation has been broad, and it has been the informal communication from one generation to the next that has guided the application of the funds. In the main, successors have stayed true to the stated and observed preferences of the founders. These preferences, in turn, appeared to have been strongly influenced by the personal circumstances and experiences of the founders.

The mandate, when you are the founder, is all in your mind. You don't have to put it down. So, second generation, because they work with the founder, again, it's pretty clear in their mind. But for us [later generations], it's very much guesswork.

Lee Han Shih, Director
Lee Foundation

We knew that education would be one of it because of its legacy in the family – grandfather was most passionate about education. So, education was a non-negotiable cause. But we wanted to add to that.

Laurence Lien, Chairman
Lien Foundation

A popular cause among the focal families was, and still is, education. Focal families across all three ethnic groups and age categories cited their belief in education as opening up opportunities for individuals and the means of uplifting the community out of poverty to a better life. Support for education was effected in many forms and across the different aspects of its delivery, and according to the needs of the times. At the infrastructure level, Singapore's philanthropists have funded libraries, schools, universities and research centres. At the end-beneficiary level, they have granted bursaries and scholarships. More recently, some have turned their attention outside of mainstream education to look into niche education areas that have received less attention and funding such as education for the disabled and special needs community. One foundation has as its mandate the granting of annual awards to recognise exceptional teachers in early childhood and special education.

Education – many ways to engage

The most common cause supported by the focal families has been education. Interviewees attributed this to the belief of founders that education is the gateway to a better life. Within education, a range of interventions were observed. In its most basic form, foundations were involved in the granting of bursaries and scholarships for university education. While some of the focal families emphasised academic excellence and achievement, others are concerned with benefitting the many needy and uplifting the base.

To me, if I give out bursaries to 100 people and 30 get through and 70 don't get through, it's fine. Because it is not wasted. One day in school is better than not a day in school. But some of them want to have 70 successful.

Director
Foundation F4

One foundation focusses on encouraging children to continue with school and work on achieving satisfactory grades. HGEF gives children of incarcerated drug offenders a monetary grant if they advance to the next grade in school. Students can also receive support to buy laptops, books and other paraphernalia they need to help them in their studies.

The focal family foundations are also leading the initiative to address niche education needs. In a drive to maintain continuity of the founder's deep commitment while at the same time honouring his entrepreneurial spirit, Lien Foundation directed its mission in education to focus on early childhood education. The foundation has sponsored research and partnered with service providers across multiple areas of specialisation to design and improve access and delivery of early childhood and special needs education. Initiatives included early detection of children with development needs and the provision of inclusive interventions to create an environment conducive to learning for children from disadvantaged communities and those with special needs.

Two other focal foundations also support special needs education. The Leading Foundation gives awards to excellent teachers in the fields of early childhood education, allied education and special needs. The objective is to honour excellence and to raise awareness and appreciation of the additional challenges faced and dedication required of teachers in these sectors. The publicity around the awards has also contributed to raising the status of teachers in these sectors. Another, Foundation F10, contributes to the sector principally through monetary grants. However, they also contributed services in kind when they donated expertise, time and materials to retrofit a school to cater to the needs of the disabled.

Encounters with health issues, sometimes life-threatening, within the family circle have led several family foundations to expand their mandate to include grantmaking to healthcare and medical research facilities. While less widespread, grants to medical and research facilities tend to be large ticket items to be disbursed over several years. Family members readily acknowledged the links among the health experience, gratitude and the desire to make a grant. Furthermore, encounters over the course of the health episodes often led to the formation of personal friendships between family members and healthcare professionals and professors. This, in turn, added to the willingness of founders to support the latter's respective areas of research and healthcare and related initiatives.

Personal encounters with the very poor and seeing the effect of poverty around them also moved some philanthropists to donate funds for poverty alleviation. In one case, experiencing the living conditions of the community while on holiday prompted a philanthropist to sponsor water projects in Cambodia. The apparent link between the donor family's experience and the causes they are drawn to support has implications for beneficiaries and fundraisers and is worthy of further study.

Throughout the interviews, the impact of personal experiences, interests and passions in shaping the practice of family philanthropy was clearly evident. The possibility that family members' philanthropic preferences could differ from the foundation's mission was well recognised by those leading the family foundations. The way this has been handled was consistent across the focal foundations - beneficiaries that do not fall within the ambit of causes officially supported by the founder do not qualify for grants by the foundation. Instead, they are funded directly by family members in their personal capacity and out of their personal funds.

Philanthropy is personal

Personal experiences and interests strongly influence an individual's philanthropic leanings. Where these differ from the family foundation's mandate, many were found to be willing to apply personal effort and funds to the causes they are passionate about.

Honestly, philanthropy is actually a very private thing.

Director
Foundation F2

He feels very strongly about education because he missed out on it.

Spokesperson
Foundation F6

There was only one thing that he wanted to do and that was education.

Margaret Lien Wen Hsien, former Chairman
Lien Foundation

Everyone has his own interests. My older brother has his own thing. It's just his personal thing, it's separate from the family's giving.

Chairman
Foundation F1

My mom made a very good point that everybody has different causes that they are passionate about.

Rebekah Lin, Representative
Jia Foundation

We went back and forth for a while and I said, "okay, doesn't matter, I will just support it myself."

Director
Foundation F4

We have to recognise that there are a lot of family members who are interested in fields that may be completely different from what the foundation is interested in.

Laurence Lien, Chairman
Lien Foundation

I myself have chaired the foundation. I myself have said "no", so I cannot expect [the incumbent chairman] to say "yes" if it's outside the scope of the foundation's priorities. So, I do that all on my own.

Margaret Lien Wen Hsien, former Chairman
Lien Foundation

Everyone has got pet projects. I think philanthropy is very personal. We can't expect that everybody is going to align by the foundation. The foundation has got a specific purpose but if people in their personal capacities want to do different things that's absolutely fine.

Director
Foundation F11

As mentioned previously, some later-generation family board members have added to the founder's list of causes approved for grantmaking, amending the constitution to expand and even change the foundation's focus to accommodate current thinking. In other cases, family members' out-of-scope projects have had to be funded from the individuals' personal assets. Among the 11 focal families, four later-generation members have started their own foundations independent of the family foundation. Family members suggested that clarity regarding whether the family foundation could be approached to fund personal philanthropic interests would be helpful. This was considered an important factor in managing expectations and maintaining harmony within the family.

4.3.2 Practice: Ways of engaging

The focal families approached and executed their philanthropy in a wide range of ways. These can be broadly described as enabling through providing funding, leveraging through mobilising resources, changing mindsets through advocacy, leading change through showing the way, and service delivery. Examples from foundations are presented to illustrate how these work in practice.

***Enabling through providing funding*:** The most common way the families gave was through cheque-writing in response to appeals from would-be beneficiaries. Some gave in response to appeals from social enterprises and individual beneficiaries for grants both large and small. Two foundations, including a very substantial one, chose to give across a wide range of beneficiaries in response to written appeals received. Two others preferred to focus on under-funded charities, with one explicitly seeking out less-funded social service organisations in targeted sectors. With its mandate to raise the base and uplift those at the lowest levels, one foundation focussed its giving on support for education for the younger age groups and aid for the poorest communities.

Achieving leverage through mobilising resources: The desire to seek and achieve leverage appeared to be common across a number of the focal families. The strategic givers saw the role of their foundations as change agents, innovators, catalysts and multipliers. One foundation spoke of leveraging the family's network to raise awareness of the causes they chose to support and raise funds through sponsoring fundraising events. Another involved their business partners. The concept of achieving a multiplier effect applied not only to the sums raised, but also to increasing the number of volunteers and fundraisers for the chosen cause.

We wanted to rally young people to raise funds and raise awareness for lesser-known charities. We wanted to do a movement, to get 50 young people to raise funds and raise awareness. Over a period of 18 months, the movement managed to raise collectively about $4.5 million for 58 charities. That's when we

saw the power of a platform. Because if you are just one youth raising funds, you will feel very lonely, very stressed and daunted by the prospect. But if you are one of 50, then it kind of feels like a brotherhood. And so we did that and we moved to working on different projects.

Rebekah Lin, Co-founder
The Social Co.

Changing mindsets through advocacy: The Lien Foundation operates off the tagline: *Radical Philanthropy*. Its mission is to tackle the root of problems and pioneer novel solutions in their three chosen areas of early childhood education, eldercare and environmental sustainability in water and sanitation. The family leaders decided in 2002 to redefine the foundation's mandate. In the words of the current foundation chairman,

The key question was what is an area, a big area, that Singapore as a country is least prepared for. It was really looking objectively at where we could make a difference. A significant difference.

Laurence Lien, Chairman
Lien Foundation

Lien Foundation has since been visible and active in changing mindsets and collaborating with other institutions in bringing attention and innovation in their chosen areas of engagement. Their modus operandi has been more in the role of catalyst, focussed on innovation, and building and developing new models.

Leading change through showing the way: Tsao Foundation's approach is an excellent example of leading change through showing the way. Tsao Foundation is involved in a gamut of activities focussed on the elderly, ranging from the provision of services and programmes, to training and education for those working in the field, to research and collaboration, and to advocacy in respect of the preceding. Their operating model is to conceive new and improved service models, pilot and prove these workable, and get these approved for mainstream rollout with eligibility for governmental subsidy, before moving on to the next project.

Our thing is not to do many of the things the same as everybody else but to see new trends, identify new needs, and be able to find new solutions, be that catalyst. If we can show a programme is useful, like homecare, it becomes mainstream. If it's a pilot you could get grants and after you convince them to make it a mainstream programme, then you can get a government subsidy. The board and I are very strict about what we will take on. Unless we are confident the programme has a chance of sustainability we will not do it.

Mary Ann Tsao, Chairman
Tsao Foundation

Service delivery: Some of the focal foundations operate on the ground delivering services to the communities in which they work. Examples include the Ishk Tolaram Foundation and Tsao Foundation. Both foundations first embark on research to understand the needs on the ground before looking for a match between needs and their chosen area of engagement. They then create projects, fund and implement them, providing much needed services to the underserved in the community. Examples of Ishk Tolaram projects are their focus on early childhood education for the disadvantaged community in East Java and the Ishk Limb Centre in Nigeria that provides and fits artificial limbs on amputees free of charge.

In addition to its role as a service provider and an innovator devising and testing innovation in eldercare, Tsao Foundation plays an additional role in building capacity. Once successful, the pilot programmes are rolled out to others in the sector, with Tsao Foundation running training programmes as they consider necessary.

A list of the focal foundations summarising their ways of giving and source of funding is provided in ANNEX 3.

4.3.3 Reflection on values and practices

This section examines reflection from three dimensions. Firstly, how might the philanthropists' reflection on the beneficiaries influence their philanthropy? Secondly, how might the family's

philanthropy influence the decisions they make in other aspects of their lives? Finally, it explores the possibility of using the business as a vehicle for change.

Preserving the dignity of beneficiaries: Beyond their considerable generosity in the sharing of their wealth, some philanthropists demonstrated deep sensitivity and empathy for the beneficiaries of their largesse. Creating the conditions supportive of others becoming self-sufficient, achieving their potential and preserving their dignity were recurrent themes. The following statements were found on some of the focal foundations' websites:

… programmes that enable self-sufficiency and independence in vulnerable communities.

Website
Ishk Tolaram Foundation

… to optimise the well-being of older persons and fulfil their wish to age with dignity.

20th Anniversary video, Website
Tsao Foundation

We enable society and individuals to operate at their maximum capacity.

Website
Lien Foundation

Empathy as the soul of philanthropy

Many in Singapore are aware of the financial generosity of the Lee Foundation, evidenced by their substantial donations over the years. Few, however, may be aware of the deep sensitivity of Lee Seng Gee and his empathy with those on the receiving end of Lee Foundation grants. His second son recounted a conversation over 40 years ago wherein he suggested that there must be many grateful beneficiaries of Lee Foundation grants only to be surprised by his father's response:

> *He said actually, he would be happy if they [the beneficiaries] are not angry with us. He said it's not an easy thing to take charity.*
>
> *Lee Han Shih, Director*
> *Lee Foundation*

His father's mindfulness of the importance of preserving the personal dignity of beneficiaries made an impact and has stayed with him. Asked what he considers are the most important elements in continuing his family's philanthropy, Lee's response was as follows:

> *Most important to me will be providing as large a number of people the chance for them to realise their full potential and retain their dignity as they go along.*
>
> *Lee Han Shih, Director*
> *Lee Foundation*

Reflecting family values in all aspects of decision-making: At its roots, funds for philanthropy are ultimately derived from surpluses from making a living. Although the link between the pursuit of making a living and the family foundation is quite obvious in respect of the dependence of both on financial success, the link between values expressed by the family and their wealth-generating activities has been less clear. The concept of maintaining consistency of values espoused by the families in their philanthropy across the operations of the family businesses is far from simple. The conversations among family members of two foundations in respect of cancer and tobacco are illustrative of the difficulties around personal freedom (a family member who smokes), grantmaking (donations to the Cancer Society) and investment practices (investing in tobacco companies).

Philanthropy and investing: cancer and tobacco

I have very strong feelings about tobacco, but my sister smokes so she doesn't think so badly about tobacco. But the point is that she has to think about it. She can smoke and all that, but do we really want to make money on something that can kill people? So ultimately, she agreed: no tobacco in our investment portfolio.

Chairman
Foundation F1

I think it might be worth to look internally at your own portfolios to see if there are certain things you can change, or certain investments you can get out of. We cannot be donating to say, Singapore Cancer Society, if we're supporting anything tobacco. But my parents were quite resistant: "so ma fun,[4] no need. Let's just keep it simple. We just either give money, or give money to support things that can raise more."

Representative
Foundation F3

While differences of opinions were expressed among family members, the conversations reflect a growing recognition that the external visibility of the link between the business and the foundation means the activities of one could impinge on the other. Eventually, the sincerity of the family's philanthropy could be called into question if the way business is conducted sends a different message to the community. An alternative would be a convergence of business practice and the philanthropic values espoused, perhaps as expressed in the conviction of some philanthropists that making money and doing good should be a single idea with the business being a vehicle for change.

The business as a vehicle for change: A number of philanthropists from the focal foundations have commented on the potential of the business as a vehicle for change. These philanthropists see doing good as an integral aspect of doing business.

My CEO brother's idea is to make his entire business philanthropic in a way. The triple bottom line way of doing business. Business as a vehicle itself for change. So, his new projects, a lot of it is around how business can also be a catalyst of change.

Mary Ann Tsao, Chairman
Tsao Foundation

The business in itself can be about doing good as well. This has influenced the way we think about our CSR and the way we think about our business models. We do have ongoing conversations between the two entities about matters that are going to impact one another as well, in the sense that what we do at the foundation impacts the business's branding and reputation as well as how the community views the business.

Executive Director
Foundation F11

Philanthropy or love of mankind doesn't mean just to give money. You should, in theory, help them to do more and get on their feet and basically thrive on their own. So social and business really are not separate. Making money and doing good is central to the business in my for-profit ventures. Our motto is always to do good and to make money because if you don't make money, then it's not sustainable.

Lee Han Shih, Founder
Potato Productions Group

The concept of creating social impact through the business is not entirely new, having been practised by many under the auspices of business CSR.

[4] *Ma fun is a Chinese dialect term used to refer to something troublesome to undertake.*

However, CSR is often conducted with a view to build goodwill for the business, hence using CSR to benefit the business. In their conception of doing good through the business, these philanthropists are using the power and the very act of doing business to benefit the community.

Potato Productions Group

Potato Productions Group is an interesting study in the combination of commercial and social purpose. The business proposition for some of the companies in Potato Productions Group is targeted at minority groups and the projects undertaken have a strong element of uplifting disadvantaged groups. Often it is around daily concerns. For example, the mental health of school children due to the pressure of studies in Singapore and elsewhere is now a major concern. Thus, one joint-venture initiative involves setting up an online tuition facility where, for a subscription fee paid by the parents, students can go online to dial-a-tutor as and when needed.

> *Instead of students having to go for tuition, they can go online using our service to dial up a tutor face-to-face just as and when they need it, even 10:30 at night if they are doing homework and suddenly find they don't understand the question. If they only have three questions they dial up a tutor for half an hour. They don't have to get out of their home and then go somewhere else which saves a lot of time and money and a lot of operations for their parents having to send them.*
>
> *Lee Han Shih, Founder*
> *Potato Productions Group*

This online offering is a commercial venture, but the social element features strongly in its conception and design. The way this service is delivered not only helps the students cope with studies, it also gives them the dignity that comes with the power of self-determination. The online delivery provides the students with a platform where they can decide when and how much they want to study and how much help they need, and relieves the load on parents from having to make arrangements for ferrying the children to tuition. This project exemplifies founder Lee's conceptualisation of the integration of business and social purpose.

4.4 Sustainability of family philanthropy in Singapore

The responses of the focal families to the question of sustainability of the family's philanthropy identified three aspects of sustainability they considered pertinent: financial sustainability (adequacy of funding), continuity of family involvement, and sustainability of their philanthropic initiatives. These three dimensions of sustainability are examined in respect of how the families think about them and what they are doing to address concerns.

4.4.1 Financial sustainability

In a number of cases, family foundations were seen to be heavily dependent on dividends from the family business for their annual cashflow. Some focal families have taken steps at two different levels to protect the foundation's cashflow. In two cases where shares in the family business accounted for a major portion of the foundation's assets, provisions to secure funding for the foundation were enshrined in a dividend clause in the shareholders' agreement. Two other families have gone further, taking steps to reduce the foundation's dependence on the profitability of the family business by setting aside a substantial portion (between half and two-thirds) of annual inflows to create a reserve fund. Over time, they hope that investment income from this reserve fund could provide an alternative source of funding in the event the family business were to suffer a poor year affecting its ability to make cash payments, including dividends

to the foundation. As explained by one philanthropist:

> *At least 50 percent of our total funds are held within an endowment fund to create a secondary revenue stream. That amount is like "insurance" so that if the family business does not declare a dividend in any given year, we are still able to operate on the funds from the endowment. The foundation should never cease operation just because cash doesn't flow.*
>
> *Executive Director*
> *Foundation F11*

In one case, an addition to the original endowment was requested when the original funds were found to be inadequate for the foundation's operations which had expanded over the years. Agreement was reached within the family to commit additional funds from the trust to the foundation. However, such agreement was informal and unsupported by a clear official statement of intent, let alone legally enforceable documentation. In the event of a change in trustees, a new board with different views could decide not to honour the agreement to provide additional funds, leaving the foundation with insufficient funds to operate.

> *You want it to last, got to secure it. I can see very easily that somewhere along the line [future] generations may decide that they don't want to fund the foundation anymore because they have different interests. So, I think it's better to just legally lock in the money for what it's meant for. It's a formality but I personally think it is good to keep it clean and tidy.*
>
> *Chairman*
> *Foundation F1*

In a second case, funding had to be routed from a different source when the family member controlling the designated fund refused a drawdown of a previously approved commitment. Given the goodwill of other family members and their demonstrated commitment to their respective family foundation, the risk of a cessation of cashflow appears low in the examples presented. Nonetheless, the exposures remain a threat to financial continuity and the foundation's reputation. In recognition of the foundation's vulnerable position, one chairman has continued to raise the issue with those controlling the source of funding with a view to securing a more formal solution.

4.4.2 Sustainability of family involvement

The focal foundations included three that were founded over 30 years ago and two others over 20 years of age. Of these five focal foundations, three have experienced two rounds of leadership change at the board level and two a single change. Board members of two foundations are currently largely in their 60s with no clarity regarding which family members could be potential next generation board members. Concern was expressed regarding the readiness of some next generation members to assume board appointments. However, the bigger concern expressed was whether the next generation had the interest or the same spirit of responsibility for community as current and past leaders.

> *The main thing is the commitment of the family … that they want to go on indefinitely. I think that is, to me, more important.*
>
> *Director*
> *Foundation F2*

> *What worries me most is whether the next generation would have the same kind of attitude towards philanthropy. Whether they have the same kind of ethos to help and to recognise the work that has been done by the foundation, I don't know.*
>
> *Margaret Lien Wen Hsien, former Chairman*
> *Lien Foundation*

Reflections of those involved in the family foundations revealed three elements that attracted and kept them involved in the family's philanthropy: family feeling, opportunities for creative expression, and interest in the areas supported by the foundation. While family members varied in terms of which of these elements drew them the most, by and large, all three elements played a part in their decision to be involved.

For three current foundation leaders, their engagement stemmed from their desire to realise the vision of a respected and beloved senior generation family member. Tasked by grandmothers and a granduncle respectively to lead the conceptualisation of the foundation and its mission, they got involved, initially tentatively, in articulating the mission of the foundation. These younger generation family members were given mandates that included devising a strategy for the foundation.

> *I want my grandma to get what she wants. And not do it expediently just to make her happy, but to really make it meaningful as per what she wanted. I spent hours of many, many days talking to her, to find out exactly why, find out what she wants to see because I love her. I want this to really be her legacy. Once involved, the work itself became my primary motivator.*
>
> *Mary Ann Tsao, Chairman*
> *Tsao Foundation*

The family's philanthropy provided them with the platform to be entrepreneurial and creative beyond what was possible in their outside jobs at the time of their joining. They particularly enjoyed being able to set their own direction rather than executing on someone else's vision. All eventually gave up their then professions to immerse themselves fully and whole-heartedly in creating a lasting legacy for their beloved forebear through the family foundation.

Reflections of a successor

Obviously because it's my family there was a huge personal draw as well. My granduncle is 80 years old and he is thinking about what is he going to leave behind. He is from the second generation of the family business and understanding the shared history and helping him to create a future from the history was very appealing to me personally. I found that I was very drawn to those conversations.

Professionally, being able to take on a leadership role was very enticing. In this setting you get to co-create a vision and implement it as well. Along with the great potential for what can be achieved by the work we set out to do, it was a very appealing opportunity.

In the beginning I just thought I was helping out. And then subsequently it became more and more exciting for me to stay on and learn more and do more. The next thing I knew I was like, "Okay, I guess I'm going to do this full-time!" Certainly, it did draw me; it did pull me in.

Sumitra Aswani, Executive Director
Ishk Tolaram Foundation

All but one of the focal families expressed the belief that it was important always to have at least one family member actively involved in the foundation. The sole exception felt too inexperienced to comment with the foundation at only six years of age at the time of data gathering. Foundation leaders saw a risk that family members might be engaged only in their own interests, potentially leaving the family foundation under the charge of non-family professionals and disconnecting the foundation's activities from the family. This was of particular concern with later generation family members living in different countries, dispersed across wide geographical distances.

Three foundations are at different stages of conceiving a programme to encourage broader family engagement in philanthropy. All three are considering setting aside funds for younger generation family members to make grants to their personal preferred philanthropic projects. In this way, the foundation sought to get family members engaged in philanthropy in the hope that the experience would stimulate interest in

philanthropy, possibly extending to participation in the family foundation's work in the future. The experience of some foundation leaders was that their personal passion for various social issues grew over time as they became more and more involved, suggesting this strategy could yield positive results.

> *Passion is sometimes discovered. Because you don't know what you don't know until you are exposed to it. Then oh, OK. That's really interesting. For example, I developed the passion for eldercare along the way. It grew on me.*
>
> *Laurence Lien, Chairman*
> *Lien Foundation*

However, the initial hurdle of raising sufficient interest to get the project off the ground needs first to be overcome. An overture by one of the family foundations to gather its young generation family members for a workshop garnered insufficient interest among them for the project launch. The family has not given up though and plans to try again after going back to the drawing board to design a more attractive proposal.

4.4.3 Sustainability of the projects funded

While some family members were happy just to have provided funding for projects, for other family members sustainable and lasting impact of the initiatives funded was important. Based on their experience, the latter invested time and resources in pursuit of the sustainability they sought. First and foremost was having community buy-in and endorsement. Also important were the appropriateness of the solution in terms of cultural acceptability and availability of local resources for the maintenance of the system, referring to both trained manpower as well as availability of parts for repairs of physical installations. Education and a hand-holding period after installation/ implementation were common features of successful initiatives.

As an example, one foundation chose to build fewer water systems and instead invested a substantial portion of the funds into manpower to educate the community on the importance of drinking water and how to use and maintain the system. They believed that the education process was essential to ensure the system was both used and maintained, and hence sustainable in its impact over time.

Achieving sustainability

> *For me, sustainable means the project must grow its own legs and run even when we're not around. For example, I could have installed 50 filters. But there's the 99 percent chance that within one year, they would have rotted and been abandoned. Instead, I have installed these five systems, but I am confident that in five years' time they would still be using these systems. Community members know how to change the filter on their own, they have bought into the reason why this filter exists, and why clean water is important. Kids don't like to drink water. If there is also soda next to the water, they will go for soda. It's a natural inclination. So, there's education that is going out to the students and teachers as to why this is important. It's a system that the community's bought into – the school is bought into it, the teachers are bought into it, so that the system can be maintained. The system will be used effectively.*
>
> *Rebekah Lin, Representative*
> *Jia Foundation*

The question of sustainability of projects appeared to be of greater concern to foundations engaged in changing mindsets and practices compared to those with more generic objectives of poverty alleviation and providing financial aid to the needy. These foundations are making observations and taking lessons from the mistakes of others, seeking to ensure foundation funds are effectively applied. In addition, these sustainability goals also suggest foundations are taking greater responsibility for the communities in which they operate and trying to help beneficiaries towards self-reliance, at least in their areas of engagement.

5. Discussion

The foundations in this study spanned a broad spectrum in age and size. The families are from different ethnic backgrounds and faiths. Some founders were entrepreneurs and some professionals. Family board members ranged in age from late 20s to late 70s. Across the differences, the outstanding sameness was the personal conviction of the philanthropists and their determination to contribute to others less fortunate than themselves. Regardless of size of endowment or annual grant budget and manpower levels, family board members were seen to be expressing their philanthropy in a way they considered personally meaningful and at a level of engagement they found comfortable.

The Singapore model observed is of family foundations that are active at different levels and in different ways. In grantmaking, some Singapore foundations have given in response to requests from a broad range of beneficiaries and causes, while others have focussed their giving on a narrowly defined beneficiary group and for a closely defined purpose. Some foundations have acted as catalysts rallying volunteers in fundraising and advocacy. Others are active foundations leading innovation and providing education and capacity building. Institutions for family giving have been established with starting sums as modest as S$200,000 (US$153,000). Among the focal families, individual grants ranged from S$60 (US$46) to nine-digit sums. Family philanthropy in Singapore appears to be thriving, and not only among the ultra-wealthy.

However, several areas are worthy of attention for the future of family philanthropy in Singapore.

5.1 Resources to evaluate grant requests

Initiatives involving experimental but potentially impactful solutions typically cannot obtain funding from governmental sources. Family foundations, through institutionalised giving, are well placed to step in and provide funding to catalyse innovation and fill the gaps between the private and public sectors in meeting social needs. However, board resources need to be aligned to support this role in impactful giving. The relatively low level of investments in overheads (as in staffing) in many grantmaking focal foundations has limited their ability to achieve greater impact. While operating foundations are appropriately staffed, grantmaking foundations tend not to invest in manpower. With little administrative support to research, understand and evaluate some of the more complex issues being addressed by grant applicants, innovative solutions to unmet social needs are less likely to secure funding. This challenge may be compounded by social service organisations that consider hiring experienced proposal writers as a non-essential luxury.

This impediment to achieving greater impact is also accentuated when later-generation boards require majority vote for grant approvals. These boards tend to be composed of board members who are appointed by virtue of familial ties and as successors/representatives of their family branch rather than their interest in philanthropy. With board members holding different views and some wary of the unfamiliar, board decisions tended to be more conservative in later generation boards.

5.2 Engaging the next generation

Although family foundation leaders have invested in structures to secure the continuity of uninterrupted cashflow for the foundation's activities, less attention has been given to engaging the hearts and minds of next-generation members in the family's philanthropy. Some senior family members have expressed concern whether they would be able to identify appropriate next-generation individuals with an affinity for the family's philanthropy, and whether they could be persuaded to join the board. They cite examples of family member indifference to overtures to take an interest in foundation affairs. This perspective is in stark contrast to that of three current family foundation leaders who considered their involvement in the foundation a dream position, replete with opportunities for personal achievement, contribution to the family and social impact.

The stories of growing attachment to the family foundation as successors got more involved in its work bear similarities with the development of psychological ownership (PSO). Although commonly conceived as involving person-object relations, feelings of PSO can also develop towards other targets, material or immaterial in nature, such as "the products of one's labor, toys, home, land or significant others" (Pierce, Kostova & Dirks, 2003, p. 86). According to Pierce, Kostova and Dirks (2003, 2010), the experiences of controlling (or being able to influence) the PSO target, coming to know the target intimately, and investing the self in the target can cause the emergence of PSO. PSO "may also promote feelings of responsibility that include feelings of being protective, caring, and nurturing and the proactive assumption of responsibility for that target" (Pierce et al., 2003, p. 100). Can affinity for and attachment to the family foundation be developed through psychological ownership and encourage family member commitment to and participation in the family's philanthropy? More research in this area could be helpful to those seeking to create strategies that encourage continuity of family member involvement in the foundation.

5.3 Fidelity to the founder's vision

Conversations with the people behind Singapore family foundations have also pointed to questions regarding fundamental beliefs in respect of institutionalised family philanthropy and continuity of the family's philanthropy. Philanthropists spoke with passion about their foundation's mission and activities. At the same time, "philanthropy is very personal" was a constant refrain as later generation leaders of the foundations spoke of their personal interests and acknowledged the different interests of family members.

If indeed personal passion drives one's philanthropy, the more passionate among the younger generation could be best placed to inspire and lead the family's philanthropy. However, these are the very ones most likely to start their own philanthropic initiatives should their passions not align with that of the founder or the causes that are supported by the family foundation, as was observed in four of the focal families. This raises the question as to whether the family foundation should adhere strictly to the founder's objects or allow later generations of leaders the liberty to reshape the foundation objects to reflect their personal passion and current societal needs.

At the core of this question is the founder's intention: by institutionalising giving, did the founder intend a continuity of support for a chosen cause, a continuity of family involvement in the foundation, or a continuity of the spirit of philanthropy among family members? This study finds that the founder's intention has not been made clear in many of the focal families.

A clear articulation of the founder's intention could be useful in ensuring the most appropriate framework is adopted when new foundations are set up. For example, if a founder intends a continuity of the spirit of philanthropy among family members (rather than a continuity of his/her chosen cause), then the foundation could be structured to give flexibility for succeeding generations of foundation boards to decide on the strategic causes they want to support to meet prevailing unmet social needs. A familial culture to encourage (rather than frown upon) the involvement of younger generations in philanthropic initiatives of interest to them could contribute to the development of a spirit of philanthropy in them.

Should it be the intention of the founder to benefit only or primarily his/her chosen causes and beneficiaries, this could be prescribed in the foundation's mandate. The family foundation could also be structured to give flexibility for grantmaking boards to be managed by professionals in the event no passionate, qualified and experienced family successors are identified. Across the range of possible intentions of the founder, there exist appropriate structures, systems, processes and values for the family foundation.

5.4 Applying a consistent set of values to all activities undertaken

A few among the focal families sought to integrate family and business values. These focal families are insisting on business practices that challenge the

time-honoured idea that in a free economy "there is one and only one social responsibility of business – to use its resources and engage in activities designed to increase its profits so long as it stays within the rules of the game" (Friedman, 2002, p. 133). These families expressed the belief that the family firm should exist for a more noble purpose than just making money - the business itself can be about doing good. As yet, these voices are in the minority. To many, making money and giving it away are separate matters and the practice of the one need not impinge on the activities of the other.

The growing call for businesses to be responsible for more than business profits would argue otherwise. Two recent major movements are particularly relevant to the Singapore community. First, when the United Nations adopted the 2030 Agenda for Sustainable Development on 25 September 2015, Singapore was a strong supporter.[5] Second, the Singapore Exchange (SGX) issued guidelines on 20 June 2016 for all listed companies to introduce sustainability reporting on a comply-or-explain basis for financial years ended 31 December 2017 and later. These examples lend support to the move among some of the focal families to apply consistent principles of ethics, social and environmental responsibility in business, investment and philanthropy.

These developments raise more questions. Can families through the conversations around the practice of their philanthropy be an important influence for the greater good through insisting on one set of values across all their activities: their philanthropy, business practices, ethical investments and consumption choices? How can families, through business and investment decision-making or personal consumption choices, impactfully advocate responsible business practices and penalise practices that pursue self-serving gains at the expense of society and the environment? These could be important questions for public debate and future research.

[5] *Ministry of Foreign Affairs website https://www1.mfa.gov.sg/SINGAPORES-FOREIGN-POLICY/International-Issues/Sustainable-Development*

6. Conclusion

The generosity and contribution of family philanthropy in Singapore is not in question. Where there are critical voices, the issue has been more of whether family philanthropic assets could be more effectively applied rather than whether the contributions have been positive. The question is not if, but how much.

Family foundations enjoy a degree of self-determination not available to other players in the social space in Singapore. The difference between family foundations and other private foundations, by definition, is the presence of family influence and its impact on the foundation's operations and grantmaking. Family foundations can focus on what is personally important to their founders and family members. Unlike companies and governments who are accountable to shareholders and taxpayers in respect of how the philanthropic dollar is deployed, family foundations are well-placed to conceive and fund untested, possibly radical new approaches to problems and lead innovation in the social sector.

Perhaps the most important contribution family philanthropy can make is when the family sits together to discuss the values that underpin their philanthropy, and how these are reflected or violated in the way the family engages the world. The true power of family philanthropic engagement emerges when discussion around the family's philanthropy leads to family business practices that reflect family values, ethical investment decisions being the norm, and personal consumption choices that penalise irresponsible and unethical business practices. Some families have begun to challenge the premise that the primary purpose of the business is to increase profits. Under their leadership – together with the family businesses to which they are affiliated, and the family offices that manage their assets – and with their ability to raise social awareness and influence business practices, a new and better world order may be possible. It will be interesting to see how this develops.

If this paper has provided some insights for the different interested parties as they plan their continuing involvement in the sector, it would have achieved its purpose. Perhaps it can also encourage a deeper reflection and greater conversation among the family regarding where their philanthropy can take them.

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ANNEX 1: Definition of Family Foundation

Possible Family Dimensions of a Foundation

To determine the degree and nature of the family dimensions of a particular foundation, consider the extent to which …
Self-identification
• The foundation identifies itself as a family institution, either by calling itself a "family foundation" or by highlighting some of the family dimensions listed here. • The foundation has "family" in its name, or has the name of the founding family in its name.
Family's Involvement and Influence
- There is direct involvement of the founder(s) – as trustee, staff, advisor, or in another role – in the organisation's governance, strategic planning, or operations. - There is direct involvement of descendants of the founder(s) – as trustees, staff, advisors, or in other roles – in the organisation's governance, strategic planning, or operations. - The founder(s) or descendants have demonstrable influence in shaping or implementing the foundation's mission, values, programme foci, or governance and operations. - There are explicit criteria for defining who counts as a family member, and guidelines or rules for how family members should or can be involved in the foundation. - There are intentional and structured efforts to involve next-generation family members in the work and future of the foundation, and to teach philanthropic values and practices to the next generation through foundation involvement. - The foundation is considered a vehicle for creating and sustaining family unity and for helping to keep dispersed family members connected to the family's legacy. - Care is taken by the foundation to avoid self-dealing with extended family members, broadly defined.
Donor Intent and Legacy
- The founder(s)'s original philanthropic vision and intent are determining factors in current foundation decision making, and this fidelity to the original donor(s) is highlighted by the foundation. - The foundation seeks to perpetuate the legacy of the founder(s) and the family. - The foundation's mission and activities are rooted in identified family passions, interests, and values, perhaps including a commitment to the family's home community or the community in which the family's wealth was generated.
Assets
- The assets of the foundation come primarily from family sources, as opposed to corporate, public, or other sources.

Source: Moody, Lugo Knapp, & Corrado, 2011, p. 58.

ANNEX 2: List of Foundations in this Study

Entity[1]	Legal Form[2]	Founder[3]	Ethnic Group[4]	Family Involvement	Leadership Model	Leadership Generation[5]	Preparing the Next Generation	Size of Endowment	Multiple Entities
F1	CLG and Trust	P	C	Operational	Single driver	G3	Conversations begun with target successor	$10,000,001 - $50,000,000	Y
F2	CLG and Trust	E	C	Board	Board / Committee	Transition G1and G2	First tentative approach	$10,000,001 - $50,000,000	Y
F3	SSF DAF	P	C	Board/ Operational	Executive-led	G2	Mentoring by G1	$500,000 - $10,000,000	Y
F4	CLG	E	C	Board	Board / Committee	G3	Informal parent-child conversations	>$50,000,000	N
F5	Fund with Mendaki	P	M	Board	Single driver	G1	Active participation	<$500,000	N
F6	CLG	E	I	Board	Founder-led	G1	Some involvement	None - annual grants $1,000,000	N
F7	CLG	E	C	Board	Board / Committee	G3	Informal parent-child conversations	>$50,000,000	N
F8	CLG	E	C	Board	Chair-led board	G3	Nothing planned yet	>$50,000,000	Y
F9	CFS DAF	P	C	Board	Executive-led	G2	N.A.	<$500,000	N
F10	CLG	E	C	Board	Executive-led	G1	Limited engagement	$500,000 - $10,000,000	N
F11	CLG and Trust	E	I	Board	Executive-led, Founder-guided	G3 and G1	N.A.	>$50,000,000	Y

KEY:

[1]Entity:	Includes: - 4 young foundations, founded after 1.1.2007 - 4 established foundations, founded between 1.1.1990 and 31.12.2006 - 3 mature foundations, founded on 31.12.1989 and earlier
[2]Legal Form:	CLG : company limited by guarantee DAF : donor-advised fund CFS : administered by Community Foundation of Singapore SSF : administered by SymAsia Singapore Fund
[3]Founder:	E: entrepreneur P: professional
[4]Ethnic Group:	C : Chinese M : Malay I : Indian / Pakistani
[5]Leadership Generation:	G1 : founder generation G2 : generation two G3 : generation three

ANNEX 3: How Foundations Practise their Philanthropy

Entity	Type of Foundation	Ways of Giving	How Funded
F1	Operating	Service provider Training provider Pilots new programmes for mainstream rollout once proven successful	Government grants, grants from a family trust, income from operations (services provided)
F2	Grantmaking	Small portfolio of regular beneficiaries Mainly respond to appeals for donations Guided by broad beneficiary sectors	Endowment funds
F3	Operating	2 entities: 1. Grantmaking 2. Creates and runs projects aimed at encouraging volunteer participation Dual goals of: 1. Raising awareness and funds 2. Encouraging volunteerism and participation	Lump sum endowment to be drawn down to fund projects Second entity raises project specific funds through crowd-funding; operating overheads borne by a separate donor-advised fund
F4	Grantmaking	Respond to appeals for donations	Endowment funds
F5	Grantmaking	Targets beneficiaries within a narrow and well-defined sector Grants are earmarked for a specific type of use	Endowment funds
F6	Grantmaking	Targets beneficiaries in a broad sector	Annual transfers linked to founder's business profits
F7	Grantmaking	Portfolio of specific beneficiaries and beneficiary sectors Mainly respond to appeals for donations	Endowment funds
F8	Grantmaking, operating	Funds special projects jointly conceived with partner social service organisations Funds targeted research in areas of interest Funds separate operating entity (social service organisation)	Endowment funds
F9	Grantmaking	Funds an annual award for a specific target group of beneficiaries with a view to reward and raise awareness in the sector	Endowment funds
F10	Grantmaking	Actively search out less-known-less-funded social service organisations for grantmaking	Annual transfers linked to founders' business profits, in the process of building up an endowment fund
F11	Grantmaking, operating	Active collaboration with social service organisations in service delivery	Endowment funds

ANNEX 4: Regulation of Grantmakers

Extracts from COMMISSIONER OF CHARITIES' OFFICE - Guidance on Regulation of Grantmakers as updated in February 2018

Q7. Who can qualify for the lighter-touch regime?

Grantmakers who meet the following criteria may qualify. That is, the grantmaker must:

a. **Be a nonprofit and non-governmental organisation.**

b. **Be solely funded by an individual, family or institution (whether corporate or not).** Unlike other charities which need to solicit donations and grants or charge fees for their services and programmes to sustain their activities, grantmakers shall derive their funds from private monies. Notwithstanding this, grantmakers may also accept donations from other private sources so long as no appeals for funds were made to these parties.

c. **Be established to aid exclusively charitable purposes through the provision of grants.**

d. **Not be a registered Institution of a Public Character (IPC).** The IPC status allows an organisation to issue tax deduction receipts to their donors. Hence, IPCs are held to higher accountability than non-IPC charities and should be subject to more stringent rules. Grantmakers with IPC status will therefore not be eligible for the lighter-touch regime. They should comply with the IPC rules and regulations.

Q8. What are the changes under the lighter-touch regime for qualifying grantmakers?

The list of regulatory requirements that would be relaxed or waived for qualifying grantmakers is summarised in the following table:

S/N	Charities Act / Regulations	Regulatory Exemptions for Qualifying Grantmakers
Registration Requirements		
1.	Requirement for a minimum of three governing board members; and 10 governing board members for large charities.	The CoC's office would waive the requirements for qualifying grantmakers (where applicable) and accept a minimum of one local governing board member (which could be a corporate entity such as a bank or a law firm).
2.	Requirement that grantmakers have to apply their funds wholly or substantially to benefit the Singapore public.	Qualifying grantmakers will not need to apply their funds wholly or substantially in Singapore. However, as registered charities enjoy income tax exemption, there is an expectation that they should still conduct activities that benefit the community in Singapore. Hence, qualifying grantmakers registered as charities should still apply some of their funds in Singapore. The CoC's office will not specify the percentage or amount to be applied in Singapore as the grantmaker is in the best position to decide based on its charitable objects and unique circumstances.
Reporting Requirements		
3.	Online Financial Summary (OFS)	Qualifying grantmakers will be exempted from submitting OFS and GEC. However, they are still required to submit their annual reports and financial statements through the Charity Portal (www.charities.gov.sg).
4.	Governance Evaluation Checklist (GEC)	

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