

An Investigation on The Success and Failure of Charities from The Effective Altruism Perspective

Suchet Wang Lio, Li Yao*

International Department, Beijing National Day School, Beijing, China

* Corresponding Author Email: wangliyou@edu.bnds.cn

Abstract. In recent years, charities have encountered major management problems, manifested in the form of a lack of work experience, a one-sided understanding of charity, wealth distribution problems and low public awareness of charities. This study aims to explore why some charities fail while others succeed. With in-depth analysis, the author found that charities, foundations and other causes that rank high on GiveWell tend to have better chances of survival because their philanthropy and foundation behavior is rational and maximizes the effect. This article popularizes the concept of effective altruism, how GiveWell's final computing concept reflects rationality, and finally focuses on analyzing how Against Malaria Foundation rationally solves management problems and achieves today's achievements. This paper suggests that it is necessary for philanthropists to use the rational spirit of effective altruism and the rationality of charities. In this way, philanthropy can effectively take into account the issues of efficiency and fairness, promote the common progress of members of society, and have a certain positive significance for social stability, thereby promoting the vigorous development of public welfare undertakings.

Keywords: Effective altruism, charity, GiveWell, Against Malaria Foundation.

1. Introduction

A large number of materials and books indicate that human beings are irrational, and everyone has an emotional side [1]. Influenced by people's behavior, irrational behavior will lead philanthropists or charity sponsors to reckon most charitable behaviors to also be irrational. Whether there is a truly rational charity in the world remains arguable. The reasons for those failed charity projects are related to various aspects such as legal policies, social systems, people's awareness of the charity, and internal management issues of the charity, such as differences in funds, publicity, talents, experience, and views on issues. However, charity runners rarely considered that the charity they run has failed precisely because the charity was irrational. Their difficulty in balancing rationality and sensibility, and even relying too much on sensibility results in them making irrational behaviors and paying money and other costs. Accordingly, whether there exists any way to make the behavior of charity relatively rational attracts researchers' attention.

There is a philosophy of charity and a new social movement called effective altruism. Sometimes people may be confused about whether the original intention of philanthropy is to make the world better, or to make oneself feel better. Therefore, people engaged in charity should learn from the rational spirit of effective altruists, and improve the charities and public welfare organizations founded by people from the perspective of altruism as effective altruism is a step beyond rationality.

Kathryn Muyskens agrees with the idea of altruism: people need to help people in this world, no matter which country he or she is in, whether he or she knows him/her well or not, everyone has a responsibility to create a better world [2]. People make decisions and make certain behaviors when they need to use the power of reason to maximize the effect of human labor.

Therefore, this article proposes to popularize a management strategy for the initiators or persons in charge of a charity. Charity needs to act as rationally as possible. Under the same resources and efforts, an effective charity should try to maximize the effect, and this requires scientific knowledge. So, this article aims to analyze the failure and success of charity from the perspective of altruism with a focus on the specific analysis of the Against Malaria Foundation. Through excellent examples, the

public can understand how the foundation demonstrates rational thinking and learn from the reasons behind its success. This article intends to provide experience for philanthropy work, so that the promoters' start-up philanthropy has a better chance of survival, so as to promote the role of philanthropy in the harmonious development of society and create a good philanthropic atmosphere.

2. Case description: general problems

In recent years, the public thinks that public welfare and charity are good and kind. However, in the non-profit industry, well-meaning philanthropists inadvertently make the work of non-profit organizations more difficult when making decisions. Sometimes, such actions may not only disrupt society, but also nourish many social problems, and finally cause charities and foundations to fail. To investigate the underlying influential factors, this article will analyze the management issues of charities from the perspective of charities, those who receive charitable help, and the public.

2.1. Perspective of the charity

First, from the perspective of charities, the staff or promoters of charity organizations lack the balance between rationality and sensibility. They only rely on empathy, but lack corresponding experience and management methods. In terms of funding, program creation and program development, a lack of marketing and management skills, and personal workload, some founders acknowledged their lack of expertise and difficulties managing a charity or small not-for-profit organization [3]. The main problems are that the person in charge increases unnecessary management expenses, the managers weaken the ability of organizational construction, the staff reduces the output efficiency of projects or activities, and finally reduces the sustainable development of charitable organizations. In modern enterprise system theory, public welfare and charity are an important part of corporate social responsibility, so the government and leaders are obliged to reduce the death rate of charities in the country. The experience of philanthropists and start-ups of the responsible person has allowed charitable organizations to move from perceptual to rational, which can improve the survival chances of public welfare and charity, and contribute to the development of social harmony and stability [4]. Another important point is the one-sided understanding of the purpose of charities. Many failed charities are targeting the symptoms, not the causes. They merely focused on one side and lack a big-picture awareness of the overall development. For example, solving global poverty needs to solve social, political, economic, historical and other issues. Donation and charity supports are not the most effective ways [5]. Niebuhr views a powerful man's charitable contributions as a demonstration of his courage as well as a manifestation of his compassion and empathy. People who lack empathy are able to solely care about others who share their sympathies. Similar to how empathy may blind someone to their own prejudice and lead them to act unfairly [6]. Niebuhr provided a wonderful illustration: white philanthropists opened black schools in an effort to help African-American minority achieve their self-worth and self-ideals, but they did not acknowledge the discrimination and damage experienced by blacks in society [7]. Therefore, white philanthropists should promote people's cognitive change, change or even eliminate the problem of racial discrimination, and make the concept of equality for everyone be deeply rooted in the hearts of the people.

2.2. Perspective of the population receiving help

Second, from the perspective of those who receive charitable help, whether wealth is handed over directly to those in need cannot be ensured. Professor Zhou Qiren, a famous economist, claimed that the situation that people in many African countries cannot afford to eat is caused by food aid from Western countries [8]. Most food aid from Western nations is given to African nations through their governments. However, a significant portion of UN food assistance is divided up by governments and officials due to weak local administration and anti-corruption capacities. Professor Zhou Qiren gave this justification. Nancy Qian, an

economist at Yale University, and Nathan Nunn, an economist at Harvard University, conducted a follow-up survey from 1972 to 2006. They found that if a country received 10% more food aid, the level of violence and unrest in the country would increase by 1.14% [9]. The reason for the issue mentioned above is that there are serious problems in the government management mechanism and corruption in the aided areas and countries. A common person at the bottom cannot directly get the aided food. In this process, violent organizations will inevitably hijack the food. Therefore, if the governance structure of the government is not resolved, the number of hungry people in the country will continue to rise. All in all, wealth should be handed over directly to those in need, rather than handing it over to them through a series of cumbersome procedures. How to hand over the wealth directly to the receiver can be referred to the solution of the Against Malaria Foundation below.

2.3. Perspective of the public

Third, from the perspective of the public, the public's understanding towards the role of charities is not clear. In recent years, with the development of the Internet and social media, negative incidents of some charitable organizations have been frequently announced on major networks, which has sparked controversy among netizens. This shows that to a certain extent, the public and charitable organizations are facing a crisis of trust because of the low transparency of charitable organizations, the low public awareness of charitable organizations, and the public's doubts about charitable organizations [10]. Many experts and scholars interviewed by The Paper suggested that charitable organizations still need to be improved in terms of transparency and information disclosure. Also, the public's lack of understanding of charitable public welfare has led to many misunderstandings about the corresponding charitable organizations.

According to Ma Jianyin, executive editor-in-chief of the "China Non-profit Review" published by the Charity Research Institute of Tsinghua University, who was interviewed by The Paper, claimed that "Charitable organizations can't just make the minimum disclosure in accordance with the law, but should actively disclose the content that is likely to arouse public doubts, so as to eliminate public doubts." and Li Jin, secretary-general of the Shenzhen Charity Foundation, made the argument that "public welfare organizations can decide what information to disclose and what information to not disclose, introduce healthy competition, and let donors and the public choose to give or give up support in order to win the support of general public donors and the public" [11]. The public's mistrust and misunderstanding will grow if charitable organizations' levels of information disclosure are not high enough. Therefore, to raise awareness of charitable organizations among the general public, vigorously carry out publicity and make them public, standardized, and legalized, public welfare organizations which have a good environment need to help develop mutual trust and mutual recognition to support public recognition. The social value of philanthropy can only be utilized in this way.

3. Suggestions

It is mentioned in the problems that the initiators of charities lack the balance between rationality and sensibility. Many philanthropists are largely affected by emotions, so emotions such as empathy, compassion, and guilt are triggered to motivate them to do charity or donate. A possible solution for philanthropists and charities is taking advantages of effective altruism. William MacAskill believes that effective altruism is to use evidence and reasoning to find out how to maximize the good and good things done by oneself while having the same resources and costs, and trying to improve the world [12]. This embodies rationality.

Effective altruism proposes a concept called "Quality Adjusted Life Years, (QALY)". The year a person lives in optimal health is called a quality-adjusted life year because it measures a person's longevity and quality of life. It can be seen that when effective altruists calculate quality-adjusted life years, everyone is equal by default, and the quality and life span of any person are completely equal. So prolonging a person's lifespan can maximize QALY [13]. Effective altruism is used to evaluate

how "effective" each philanthropic program is in terms of quality-adjusted life years. Cost-effectiveness is primarily analyzed by the dollar amount per QALY in each charity and foundation. This calculation is also full of rational spirit. Some organizations evaluate charities based on multiple considerations such as the cost-effectiveness; meanwhile, they also focus on the evidence of successful projects, transparency, how to handle additional funds, and how to solve problems in the process [14]. So they designed a website based on these criteria, called GiveWell, which is a non-profit organization that spends thousands of hours analyzing each charity to get the most impact and impact from the donor's money [15]. GiveWell rated the effectiveness of various charities to see which charities saved or improved the most lives per dollar. Among them, Against Malaria Foundation (AMF) is one of the GiveWell top-rated charities.

Every year, a large number of African children die from diseases such as malaria caused by mosquito bites. The World Health Organization (WHO) reports that in 2020, sub-Saharan Africa accounted for 95% of global malaria deaths, with children under five accounting for approximately three-quarters of global malaria deaths [16]. So the goal of the Against Malaria Foundation is to prevent deaths from malaria in sub-Saharan Africa. As long as people donate five dollars, the foundation can provide an African child with an insect-resistant mosquito net. Under the effect of the mosquito net, children will not be bitten by malaria-carrying mosquitoes [17]. By the end of July 2022, more than 10,000 donors had contributed more than \$1 billion USD to charities GiveWell had recommended, supporting groups and foundations like the Against Malaria Foundation. More than 200 million insect-treated mosquito nets have been distributed by the Against Malaria Foundation, potentially saving 159,000 lives [18].

The Against Malaria Foundation succeeds because of various reasons. First, GiveWell provides a good funding space, which to a certain extent solves the problems of fund management and plan formulation faced by charities in their operations. What is also important is the trust between the cooperation of organizations, which jointly creates a sustainable development of non-profit organizations. Second, the foundation will ensure that the mosquito nets can be delivered to the recipients smoothly, and conduct high-quality monitoring: the foundation monitor whether the mosquito nets have been placed in the recipient's home for a long time, and whether they are in good condition during the process, which prevents "wealth" from being passed on through "social channels" as problems encountered when giving to the poor, such as government management, social and political issues. Third, the foundation maintains a high degree of transparency. AMF reports their work status to the public and GiveWell in a timely manner, and shares their recent work arrangements and important content, so that GiveWell can pay close attention to their work, and the public can also understand the core and role of this foundation. Fourth, the foundation has a high degree of "effectiveness" and an excellent cost-effectiveness plan. Five dollars can save the life of a child in Africa, and GiveWell provides support and funding to the Against Malaria Foundation, with an average cost-effectiveness of approximately \$5,500 per life saved. It can be seen that they maximize the aid effect of donors [19].

According to the criteria of cost-effectiveness, evidence of successful projects, transparency and how to handle additional funds, GiveWell is based on Quality Adjusted Life Years. However, there are some limitations in the calculation of QALY. When an effective altruist calculates QALY, everyone is equal, and it is worth considering whether life among people should be treated equally. People in other countries should save local children first, and then save African children. Whether such a process can be more "effective" and whether "quality-adjusted life-years" are entirely scientific are questionable. Some charities will first help those who are emotionally oppressed and weak instead of curing diseases and saving lives. This kind of charity cannot be calculated by "quality-adjusted life years". Finally, whether these websites and charitable organizations based on QALY calculation are really rational requires further investigation [20].

4. Conclusion

This article analyzes the management problems of modern philanthropy from the perspective of charities, recipients and the public, briefly introduces what is effective altruism and Quality Adjusted Life Years. The paper also evaluates how GiveWell's success by analyzing the reasons behind the success of Against Malaria Foundation from the perspectives of management level, cost-effectiveness and transparency. On the GiveWell official website, the top charities include Malaria Consortium, Against Malaria Foundation, Helen Keller International and New Incentives. It can be seen that their cost-effectiveness and impact on society, such as how many donations they received and how many people they saved, are high. The conclusion is that the charities and foundations with high impact and high cost-effectiveness tend to have better living space and conditions in the charity ecology, reflecting that they maximize the resources they own, and their charity is also relatively rational.

Many critics have limitations in the calculation of Quality Adjusted Life Years, which will lead to irrational calculation results. So future experiments can explore whether effective altruism is a good thing, the impact it has on charities, foundations, and other causes, or even negative impacts. However, making charitable behavior relatively rational is necessary to maximize the value of the people and the fruits of labor.

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