

# A Research Synthesis on Aspects of Foundations and Philanthropy

Operational Efficacy, Grantee Needs and Public Perceptions | 2000-2004



# foreword

The Philanthropy Awareness Initiative (PAI) is a research project designed to collect and better understand perceptions about philanthropy and the foundation world in the United States today. To some extent, foundation leadership and staff historically have worked behind the scenes to advance their missions and, as a result, are little known for the contributions they make and the impact they create. However, given the significance of the foundation sector in America and its potential for advancing the common good, this operating paradigm may be becoming obsolete.

The purpose of the PAI is to determine how the foundation component of the philanthropic sector might increase understanding of the role foundations play and give voice to their impact on society. The PAI is a project of FoundationWorks, an independent effort devoted to helping foundations and others in the philanthropic sector better utilize strategic communications as a principal agent for enhancing philanthropic effectiveness. FoundationWorks is housed within SeaWeb, an organization that uses social marketing to advance ocean conservation. FoundationWorks is intended to extend the learning from SeaWeb across the spectrum of social issues. The PAI project team consists of Director Vikki N. Spruill, president of SeaWeb and co-founder of FoundationWorks, and Hollis A. Hope, PAI program manager.

We developed the PAI after reviewing a growing body of research that suggests that little is known about the societal role and value of philanthropic foundations. Would valuing the role of foundation philanthropy enhance the impact of giving? How might this value be best expressed? Is there a need to reshape the way in which foundations are perceived in America? And, finally, to whom should such an effort be targeted and how?

Our current effort is focused on finding answers to these questions through the following activities:

- 1) a review of recent research on the philanthropic sector
- 2) a news media audit, and
- 3) leadership interviews with opinion leaders, including foundation presidents and chief executives.

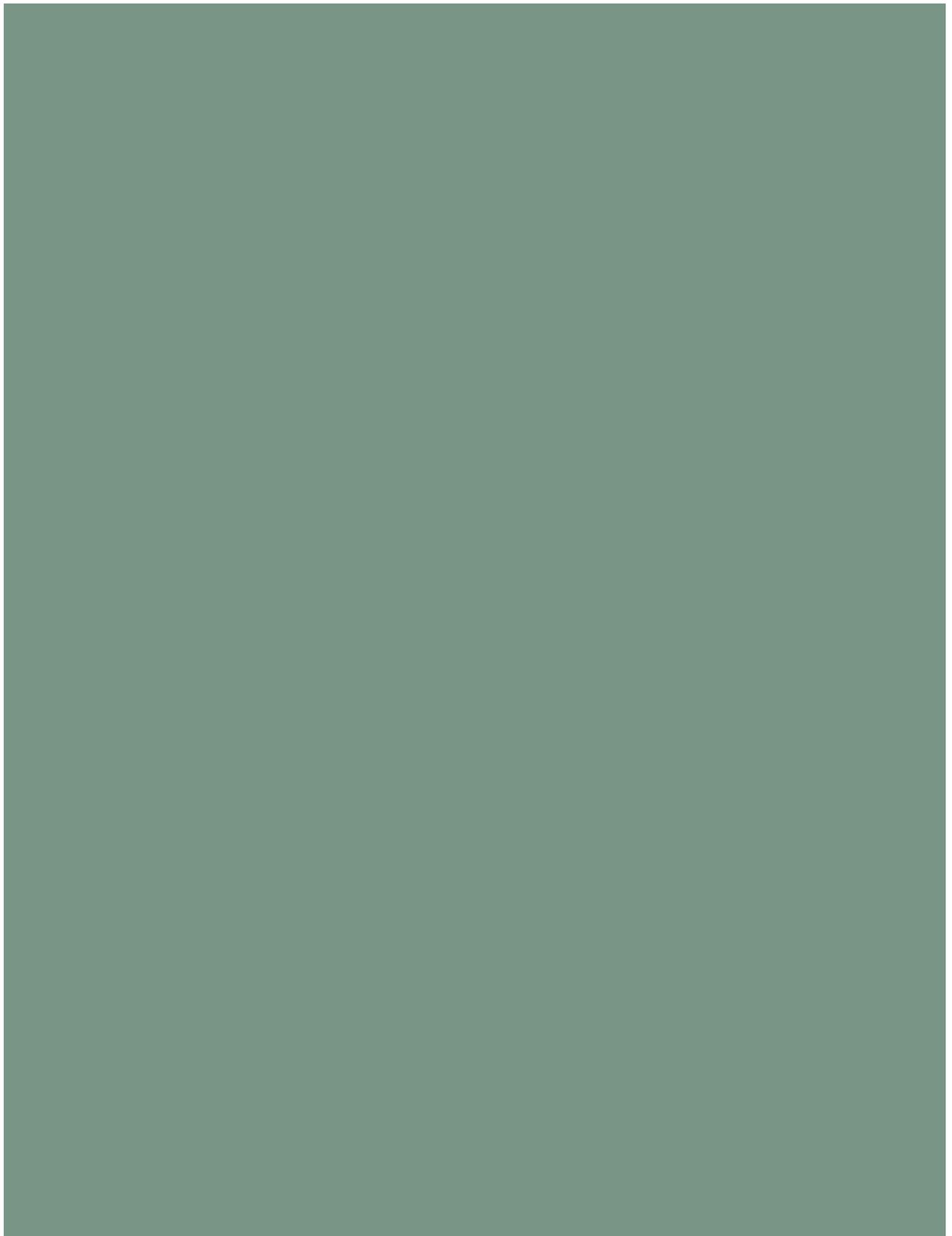
“A Research Synthesis on Aspects of foundations and Philanthropy” is the first in a series of four volumes. It was produced by Colleen McCulloch-Learch, Senior Research Analyst and Lisa Dropkin, Principal of Edge Research, Inc. Three volumes will summarize our research findings and will culminate in a fourth synthesis-and-recommendations document to provide a unique look at the current state of foundation philanthropy and the way in which it is understood and perceived in America today.

I would like to thank the David and Lucile Packard Foundation for their generous support. In addition, I would like to thank Hollis A. Hope and David Hicks, Ph.D., of Regis University for their thoughtful review and editing.



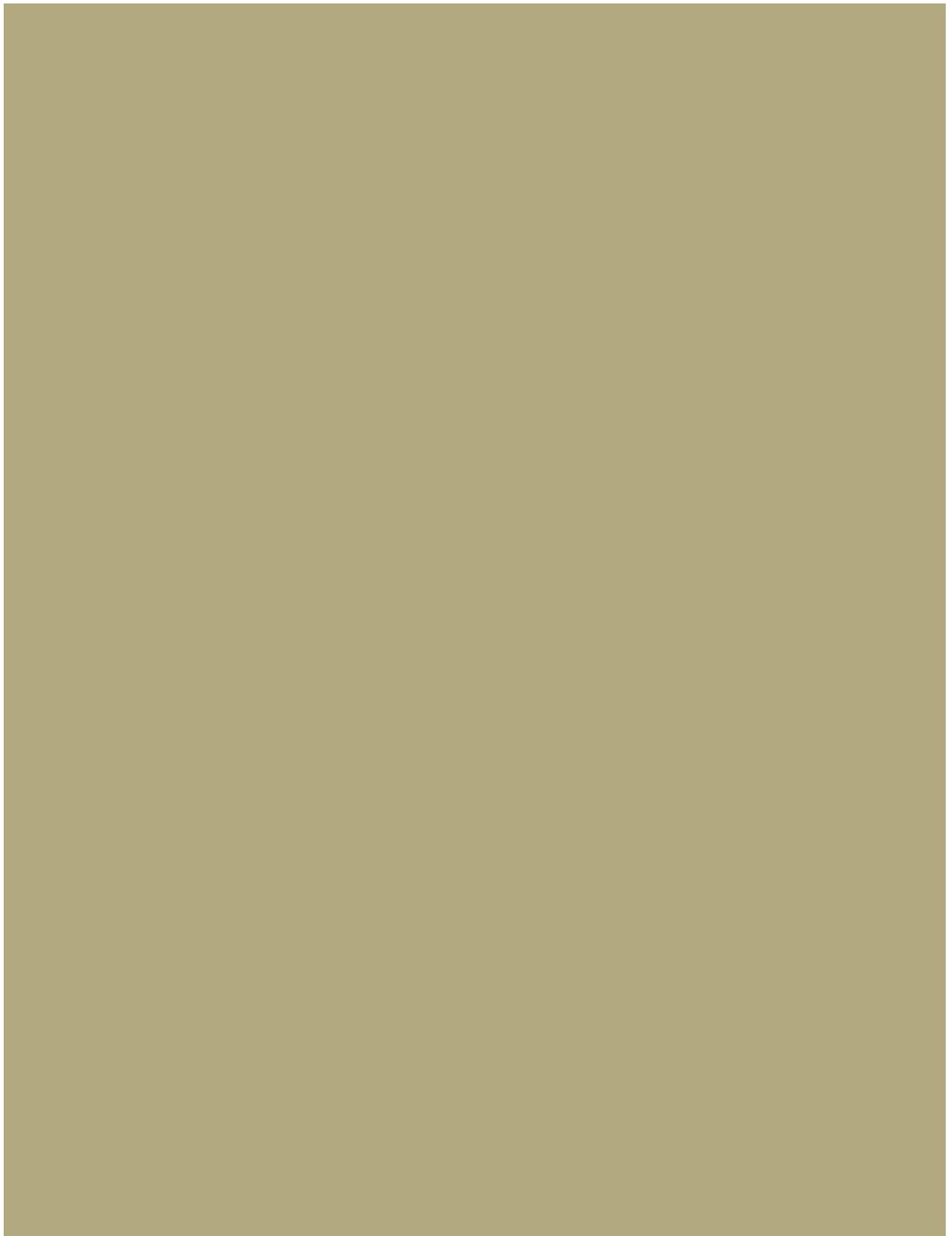
Vikki N. Spruill

Director, Philanthropy Awareness Initiative  
Co-Founder, FoundationWorks



# table of contents

Executive Summary .....	1
Introduction.....	3
Operational Efficacy.....	4
Grantee Needs .....	9
Public Perceptions .....	10
Implications.....	13
Concluding Thoughts .....	14
End Notes.....	15
Appendix .....	17



# executive summary

Identifiable original research on or about foundations can be classified into one of three main categories: operational efficacy, grantee needs, and public perception. While each has its own relevancy to the Philanthropy Awareness Initiative, important general implications can be drawn from the collective sum of all three areas of research.

- The foundation sector appears to be introspective. Much of the research focuses on internal relations with grantees, trustees and donors, rather than external relations with the public, opinion leaders, policymakers or the press.
- Measuring success focuses largely on efficiency of grant-making operations and in turn, the ability of grantees to deliver on the objectives of a project. There is little in terms of measuring whether the larger foundation community is achieving its mission.
- Research findings and recommendations are heavily caveated to allow for the range of foundation size, type and focus—the sector seems to reject “one size fits all” and emphasizes that individual organizations do not need to support or follow over-arching guidelines.
- Perhaps because of its more internal focus, the research to-date conducted by the foundation community reflects little in the way of strategic communications for the sector, except for a study by Wirthlin Worldwide. Given the volume of work on operational efficiency and grantee relations, it is not clear that a single study would suffice to generate broad participation in any sector-wide strategic communications effort.
- The timing of studies on such topics as operational efficiency and grantee oversight is closely tied to policymaker investigations and public questioning of foundation operations. In short, these studies appear to have been done in a “reactive mode” to external pressures. There is little research available (in our search) to indicate that foundations, either individually or as a group, have become proactive in terms of understanding external perceptions and relationships and how these affect their freedom to operate.

This publication presents a brief overview of 10 original pieces of research produced between 2000 and 2004 that relate to three areas of foundation operations: efficacy, grantee needs, and external perceptions. The following section of the document includes implications for further research, particularly aimed at addressing the question as to whether and how foundations might position themselves within the charitable sector to ensure continued success. We conclude that there is a need and room to explore attitudes and perceptions regarding foundations and philanthropy, and that further research will make a valuable contribution to the existing knowledge base about the field.



## I N T R O D U C T I O N

The purpose of this research review is to provide a detailed understanding of the types and outcomes of research the philanthropic sector has conducted on its own behalf, therefore allowing the Philanthropy Awareness Initiative (PAI) to fully define its own research needs without worry of duplicating past efforts.

Review of the various survey research studies conducted among and for the foundation community shows that most research is focused around one of three main themes:

- **operational efficacy;**
- **grantee needs; and**
- **public perceptions.**

This report analyzes only the most relevant pieces of literature that fall under those themes, assessing the overall findings and implications for the PAI. In so doing, weaknesses or gaps left by pre-existing research are identified. Again, the purpose of this identification is neither to affirm nor discredit past research, but to fully define the research that is required to support the PAI.

The relevant research analyzed here includes 10 original pieces of research, all conducted between 2000 and 2004. In the process of finding these pieces, we also identified 12 related studies and articles, and six other studies or articles that were either not directly relevant or more than five years old. Those that were deemed less relevant, or that were absent valuable implications for the PAI, were not included, but are listed in a complete Summary of Sources in the Appendix.

The research included herein, and in the Summary of Sources, was acquired using standard and advanced search methods. These methods include audits of foundation-related organization publications; back-searches on publications using tools such as Lexis-Nexis, J-Stor, ABI-Inform Global and other databases of that nature; online searches of publications; searches on databases of public opinion polling questions; and phone calls to organizations that published literature on foundation-related topics. The one exception is the Council on Foundations study conducted in 2003 by Wirthlin Worldwide (now Harris Interactive), which was made available to us by PAI staff. We feel confident that the research summarized in our document is a comprehensive audit of available research conducted in recent years, but we recognize that other documents may also exist. All research findings and citations were verified by an independent evaluator to ensure accuracy and correctness in reporting.

Before delving into the main context of the report, it is important to address the research design of different surveys. Almost all studies survey individuals directly related to foundation or philanthropic work, as opposed to those outside the sector (e.g., opinion leaders or the general public).

Most of these surveys appear to be executed using rigorous methodological techniques. Response rates tend to be high, and the conclusions are drawn from healthy sample sizes. Field periods are lengthy (enabling the high response rates and large sample sizes) and some use multiple modes of contact to attain required responses. These factors allow us to review the findings with more confidence in accuracy and projectability.

Most of the philanthropic research conducted in recent years focuses on operational efficacy. This is not surprising given the increased scrutiny of the philanthropic/charitable community, and the pressure to be more accountable and efficient. However, the nature of the research suggests that foundations have been inwardly focused. It also indicates that the philanthropic sector has been in a “reactive mode.” Challenged on their accountability by federal and state government entities, they are reacting to that agenda.

Foundation efficacy research itself falls into one of two categories: effective governance or effective performance.

### ***A. Indicators of Effectiveness: Understanding and Improving Foundation Performance<sup>1</sup>***

In 2002, The Center for Effective Philanthropy published a lengthy report on their Foundation Performance Metrics Pilot Study (*Indicators of Effectiveness: Understanding and Improving Foundation Performance*). The study was based on eight months of research of CEOs, grantees, and foundation trustees, as well as IRS 990-PF tax filings, foundation annual reports and Web sites, and the Foundation Center.

The need for research arose out of the recognition that foundations are seeking out indirect indicators for evaluating effectiveness of performance. Researchers state that foundations are beginning to use indirect indicators because of the difficulty and cost associated with directly measuring the social benefit of the grants they make.

The research showed that those surveyed feel that foundations are being pressured to measure and improve performance, and current modes of measuring performance alone are an adequate means of evaluation. Foundations were accustomed to utilizing formal grant and program evaluations, as well as comparisons of operating costs and investment performance, but found them insufficient. In fact, the mean “useful” score of grant evaluations was a five (5) on a seven (7) point scale. And, 55 percent of CEOs surveyed said that fewer than half of grants issued by their foundation are actually evaluated.

Within the foundation community, many strongly believe that better performance assessment will promote greater effectiveness that would ultimately help foster the social change that matches the foundation mission. Therefore, a comprehensive measurement system could be well utilized.

The Center’s research report specifically states that their findings represent a “work in progress.” However, the initial research is quite comprehensive and suggests an evaluative framework based on findings from research of all three populations surveyed (CEOs, grantees, and trustees).

In recommending a framework, researchers are careful to state that there can be no one foundation-wide measurement, and the suggestions they put forth may work best for large foundations. The researchers state, “The effectiveness of a foundation depends on the relationship of the benefits produced to the resources consumed. The more benefit, or social impact, produced from a given pool of resources, the more effective the foundation.”<sup>2</sup> It also suggests that performance enhancement can be derived from comparative or peer review of other, similarly structured foundations.

The study's findings fueled the following three-part Performance Metrics Structure: beneficiary measures, intermediate measures, and foundation measures, as summarized below:

## **BENEFICIARY MEASURES:**

### **Achieving Impact**

- Program objectives (What is the aggregated impact directly caused by programs? Has the foundation been successful in meeting program-related goals?)
- Grant objectives (Did the foundation select the grantees that can best achieve impact? What impact can be attributed to this grant? Did this grant successfully meet the foundation goals?)

## **INTERMEDIATE MEASURES:**

### **Achieving Impact**

- Strengthening grantees (Is the foundation improving grantee effectiveness?)
- Funding influence/leverage (Did the foundation influence others to fund our grantees?)
- Field effects (Has the foundation advanced the field by influencing the thinking of policymakers, funders, thought leaders, or the public?)

## **FOUNDATION MEASURES:**

### **Setting the Agenda/Strategy**

- Focus areas (Has the foundation identified appropriate program areas on which to concentrate?)
- Goals (Are the foundation's goals in each program area clear and achievable?)
- Approach (Has the foundation selected the best approach [theory of change] in each area to reach the goal?)

### **Managing Operations**

- Consistency with operations (Has the foundation adhered to its stated strategy?)
- Grantee selection process (Is the selection process clear?)
- Grantee interactions (Is the foundation responsive to grantees and does it treat them fairly?)
- Staff recruiting, review and retention (Is the staff qualified, satisfied and high-performing?)
- Administrative expense (Are the administrative costs appropriate?)
- Endowment investment performance (How well does the foundation manage assets? Do investments conflict with its social mission?)

### **Optimizing Governance**

- Accountability (Is leadership held accountable for performance?)
- Stewardship (Is the board of directors fulfilling its fiduciary responsibilities?)
- Active engagement (Is the expertise of board members being used to further foundation goals?)

## **B. *Attitudes and Practices Concerning Effective Philanthropy*<sup>3</sup>**

The Urban Institute's 2003 survey report, "Attitudes and Practices Concerning Effective Philanthropy," was based on original attitudinal data of 1,192 "staffed" grant-making foundations. Many of the findings and overall conclusions are similar to that found by the Center for Effective Philanthropy, in the Foundation Performance Metrics Pilot Study.

*“What is important is to highlight that foundations appear to be functioning in the area of communications at a level of insularity that bears serious thought by those who run institutions intended to serve a public purpose – and are increasingly being called upon to show that they do.”*

**—Francie Ostrower  
The Urban Institute Center on  
Nonprofits and Philanthropy**

The two studies differ, however, as the Urban Institute also includes observations on how foundations view themselves, how they function, and how effective they perceive themselves to be. While the research does conclude with recommendations, the bulk of the publication is more exploratory than the Council for Effective Philanthropy piece.

Both researchers agree that generalizations about effectiveness are inappropriate for the philanthropic community. In fact, a primary finding of the Urban Institute’s research is that foundation effectiveness varies greatly by size and type, and this research carefully articulates the many differences among institutions.

Research began with assessing what foundations constitute as “effectiveness,” recognizing that effectiveness has multiple components and usages. And, as expected, in this inquiry alone, differences emerged. Independent and corporate foundations thought that limited or focused grant-making areas and small staff was important for effectiveness, while community foundations thought just the opposite.

Community foundations felt that it was important to seek out crucial social needs, to publicize foundation work, and to solicit advice from outside the foundation. Conversely, independent and corporate foundations were less likely to seek publicity for foundation activities.

Differences in grant-making also appeared in the data. Although foundations are mostly unified in identifying boards as influential in setting grant-making program priorities, they diverge on donor influence. A majority of independent and corporate foundations say that founding and current donors are very influential, while just under half of community foundations would concur. Community and corporate foundations were more likely than independent foundations to rate staff members as very influential in determining priorities.

A foundation’s size influences its tendency to actively seek out social needs, influence public policy and build a strong organizational structure. Larger foundations felt that seeking out social needs was important to efficacy, more so than their smaller counterparts. Foundations in the middle asset group (between \$10 and \$100 million) are more focused on addressing the specific social needs that grant applicants identify. Smaller organizations place more emphasis on keeping the size of the foundation limited, and joining grant-maker associations. Larger foundations also place more emphasis on influencing public policy, having a strong organizational structure, and collaborating with external groups than do mid-sized or small foundations.

Based on these variations by size and type of foundation, the Urban Institute suggests that foundations consider five main items when evaluating effectiveness:<sup>4</sup>

- 1) The heterogeneity of the foundation field and the types of foundations to which the assessments are (or are not) applicable.
- 2) The role and significance of the donor.
- 3) The number of foundations that are not engaging in practices that, by their own standards, are important to effectiveness.
- 4) Their level of awareness and responsiveness in relation to their external environment (e.g., media, grantees, the general public).
- 5) What information they need to pursue their goals and how they can better use information that they do collect and connect it to their mission and goals.

### *C. Philanthropy's Forgotten Resource? Engaging the Individual Donor.<sup>5</sup>*

In “Philanthropy’s Forgotten Resource? Engaging the Individual Donor,” New Visions set out to research donor education largely due to their observation of a growing trend of donor involvement in foundation work. This research centered around a Donor Education Initiative, surveying both donor education institutes and actual donors (and other leaders) in the philanthropic world. “Philanthropy’s Forgotten Resource” provides recommendations for more effective donor education.

The research report acknowledges that giving money is often harder than earning it in the first place. As the report points out, that sentiment is not new—Aristotle spoke of the challenges that come with charity. That, combined with donors desiring a higher level of involvement in foundation activity, creates a need for more effective donor education programs.

The Donor Education Initiative assembled a “pyramid” of donor learning based on its research. “Internal Reflection”—which includes assessing one’s core values based on history, passions, relationship with money—sits at the base of the pyramid and is also where education initiatives are weakest. “Substantive Knowledge” and “Operational Skills” (how to give) are the following two layers, respectively, and are covered more extensively in donor education today. Although this is generally the trend in learning, most courses in donor education do not follow this path.

Among its findings, the research states that about four of 10 donor education providers feel that donors are unaware of the opportunities that organizations (education providers) offer to people of their stature. And, while donors may recognize the need to reach out to a support organization, many are skeptical of the motives for an organization offering support. Donors also feel that too much of donor education programs are concentrated at the very basic “101” level. They desire a more advanced learning, beyond just entry-level specifics and more ongoing, continuous education opportunities.

These findings and others led the researchers to conclude with four recommendations for strengthening donor education:

- 1) boost capacity of donor education providers;
- 2) extend donor education's reach;
- 3) confront the economics of donor education; and
- 4) turn donor education into a true field of practice.

#### D. *Foundation Governance, The CEO Viewpoint*<sup>6</sup>

In 2003, the Center for Effective Philanthropy commissioned a study to research CEOs' attitudes toward foundation governance, resulting in a report, "Foundation Governance, The CEO Viewpoint". This research yields implications for the internal workings of foundation boards, and how they affect the overall efficacy of the foundation. CEOs that rate their boards as more effective than others surveyed tend to cite:

*"Often the complexity of social phenomena renders it virtually impossible to prove a causal connection between a foundation's grant and the social outcome."*

—The Center for Effective Philanthropy

- Substantial involvement by the board in evaluating a foundation's social ramifications, contribution to the subject matter, and strategy development.
- More frequent meetings and time spent on foundation business outside of meetings. Time spent on foundation activities is not limited to traditional board meeting responsibilities, but rather expands to include policy review and foundation strategy.

In addition, those with board members that are compensated for their time were more likely to say that board members spend substantial time on foundation activities.

The research concludes that a CEO's level of board involvement, combined with type of concerns that a CEO hears from members, are the two best predictors of perceived effectiveness by a CEO. And, at no point did researchers find that CEOs would prefer a hands-off approach by board members.

The findings suggest that boards should evaluate how their time is being spent and consider ways to encourage more board engagement. The researchers feel that this does not necessarily require instituting new policies. Rather, it suggests that board members take an introspective look at their role and engagement with the foundation, evaluating it on the principles found in this research.

The next phase of the Center for Effective Philanthropy's research project will examine board member attitudes toward foundation governance. Researchers will assess the similarities between CEO and board member opinion.

In addition to serving the donor, as articulated in the Urban Institute's document, foundations must also serve the grantee. This next section focuses specifically on research around grantee needs.

### A. *Grantee Perception Report*<sup>7</sup>

The William and Flora Hewlett Foundation and the Center for Effective Philanthropy partnered in 2003 to survey Hewlett Foundation grantees, recognizing the importance of grantees in measuring overall foundation perceptions.

While a majority of findings were positive, some feedback showed areas that needed improvement. The report suggested that the Hewlett Foundation examine methods for increasing their commitment in other areas of the community outside of the Bay area and evaluate their current communication of goals, increasing the amount and/or altering the type of messages that are sent to grantees. It also suggested that the Foundation review evaluation processes, so that grantees were more aware of the value that the Foundation placed on their feedback.

### B. *Listening to Grantees: What Nonprofits Value in their Foundation Funders*<sup>8</sup>

The Center for Effective Philanthropy surveyed over 3,000 grantees from various foundations, and revealed their findings in a 2004 report titled "Listening to Grantees: What Nonprofits Value in their Foundation Funders." Prior to this research, little had been done to measure grantee opinions.

Grantee satisfaction with its relationship with its funder, and that relationship's impact on the grantee's organization, community and field, was the primary focus of this research. The Center was able to articulate three dimensions that nonprofits value the most:

- 1) quality of interactions with foundation staff;
- 2) clarity of communication of a foundation's goals and strategy; and
- 3) expertise and external orientation of the foundation.

Researchers state that the first dimension—quality of interaction with foundation staff—sets the tone for the relationship between foundation and grantee. High-quality interactions, in which the grantee is aware of foundation goals and objectives, are conducive to a positive relationship. This emphasizes the need for a foundation to have clearly articulated goals and objectives. This research also makes clear that grantees view a foundation's own knowledge and expertise on a project as almost as valuable as the funds provided.

The research included several recommendations for foundations, mostly centered on means for enhancing the three aspects of the grantee/foundation relationship. These included:

- administrative investments to facilitate each of the above values;
- specific and relevant program expertise;
- consistency in focus, direction, policy and communication;
- timely feedback; and
- ongoing evaluation of grantee perspectives.

The findings from the two grantee studies reviewed above were highlighted in a January/February 2004 article in the *Foundation News and Commentary*, entitled "Leadership in Challenging Times."<sup>9</sup>

A few surveys of public opinion on charitable organizations, including foundations, do exist. However, all but one focus on philanthropy at large and are not foundation-specific, or they report only the views of a specific subset of the population, such as employees, stockholders, and influentials.

### A. 2003 Opinion Tracking: Council on Foundations<sup>10</sup>

In 2003, the Council on Foundations commissioned Wirthlin Worldwide (now Harris Interactive) to conduct a nationwide public opinion survey on perceptions of key issues relating to foundations. In addition to the general public, “influentials” (defined as individuals with an annual income above \$50,000, at least some college education, and a self-identified interest in current events and issues relating to foundations), and congressional staff members were surveyed. The Council on Foundations also sponsored a public opinion survey in 1998 to research the strengths and weaknesses of foundations.

While the majority of Americans reported an interest in current events and issues relating to foundations, most (89 percent) were unable to identify a private foundation. Influentials were more likely to identify a foundation by name (25 percent) and a majority of congressional staffers could do the same (61 percent). The researchers conclude that the lack of familiarity with foundations is troublesome and poses a strategic opportunity for private foundations to educate the public and promote the sector by sharing specific examples of what individual foundations do to make a difference in our lives.

The researchers find that among influentials and the general public, an erosion of support for foundations’ advocacy rights has occurred compared to 1998. In 2003, 27 percent of the general public and 29 percent of influentials feel foundations have the right to advocate, compared to 40 percent among both the general public and influentials in 1998. Conversely, congressional staffers are now *more* likely to support foundations’ advocacy rights (50 percent in 2003 vs. 42 percent in 1998).

Additionally, there has been a shift in opinions regarding to whom foundations should be accountable: the public, board of directors/trustees or government. A majority of Americans (51 percent) feel the public should hold foundations accountable; however, that number has dropped since 1998 (65 percent). More of the public is now saying foundations should be accountable to the government (11 percent in 2003 vs. 5 percent in 1998). Influentials, who favored foundations being accountable to the public in 1998 (57 percent in 1998 vs. 44 percent in 2003) now show a heightened tendency to say that foundations should be accountable to a board of directors or trustees (39 percent in 2003 vs. 32 percent in 1998). A majority of congressional aides continue to say foundations should be accountable to the board of directors and trustees (58 percent in 1998, 54 percent in 2003).

The 2003 survey investigated the issue of “institutional confidence,” by asking survey respondents to use a 10-point agreement scale to rate the statement “Foundations use their financial resources effectively to maintain or aid educational, social or charitable activities.” Just two-in-10 Americans, influentials and congressional aids offered a nine or 10 score (the two highest scores) on the agreement scale. The researchers state that the real cause for concern with this finding lies within the influential and congressional aide populations, since it is somewhat expected that the general public would produce a low score. The researchers also note, that since there are only small percentages at either extreme of the scale, foundations have the opportunity to shape this “lukewarm” opinion.

Based on the findings from the three populations surveyed, the researchers recommend that foundations:

- enhance perceptions of the foundation-community through demonstrating tangible, meaningful results;
- refute the notion that foundation spending can fill government gaps; and
- use internal programs or initiatives to show commitment to sound management.

Researchers also recommend a sustained, strategic communications effort to promote foundations to influential citizens and Capitol Hill.

## **B. National Benchmark Study: “Measuring the Business Value of Corporate Philanthropy”<sup>11</sup>**

The Council on Foundations, in conjunction with Walker Information, sponsored a national benchmark study to validate their own corporate philanthropy measurement program. Individual businesses can use this program to help determine how to more effectively manage philanthropic efforts to bring about increased loyalty among employees, customers, and stockholders.

*“When it comes to public attitudes, foundations have allowed other actors to define their work and role... and this allows important issues about foundation work to be framed without input from the foundation.”*

— Douglas Gould and Co.

COF and Walker conducted a nationwide, large-scale public opinion study. Qualifying participants in the employee and customer phase were at least 18 years of age and worked for a large organization (2,500 people or more). To qualify for the stockholder phase, participants had to be 21 years of age and personally invest in individual stocks.

The data show that corporate philanthropy, when viewed favorably, can lead to business success. Customers who view corporate philanthropy favorably are three times as likely to be loyal customers versus those who do not; employees are four times as likely to be loyal.

While this correlation is good news, America’s corporations face a challenge in increasing favorability among their stakeholders. Employees tend to be the most favorable toward corporate philanthropy programs, and customers are the most negative. Shareholders fall between the two.

Based on these findings and others, Walker suggests that corporations align their philanthropic goals with overall corporate goals. Random assignment of moneys to wanting organizations is not seen as desirable. Employees would rather see the corporate philanthropy dollars going towards a cause that relates to the actual corporation or a corporate goal.

Walker also suggests quantifying all the philanthropic efforts a corporation performs, even if a “hard cost” cannot be attached to them. This includes employee volunteerism time and in-kind products and services.

Corporations should also be mindful to always communicate the philanthropic program, keep the CEO and other senior leaders heavily involved, and continually assess how the corporation delivers its philanthropic goals.

### C. “Truth on the Sidelines: Philanthropy and Foundations in the Media”<sup>xii</sup>

While a media audit does not directly measure public perceptions, it is useful in revealing what the public is consuming through controlled and uncontrolled messages.

“Truth on the Sidelines: Philanthropy and Foundations” in the Media” showed that while major newspapers currently cover foundations, coverage in news magazines and public radio is limited. Philanthropy is also rarely covered on opinion pages, letters to the editor or op-ed pieces. The sector’s perspective on issues affecting them is often absent in these influential areas. Therefore, the research suggests that foundations expand their public relations reach to diversify the channels and locations (or outlets) of their coverage.

*“The sector must do better at explaining itself to the American people, defending itself against unwarranted criticism, measuring its performance in achieving results, and addressing poor performance in its midst.”*

— Paul Light, The Brookings Institution

Additionally, researchers recommend designation of a foundation spokesperson. When covering philanthropy, the media today rely upon people that are not directly associated with foundations. Foundation staff is infrequently quoted in stories that pertain to their organization. A spokesperson for a particular foundation or organization of foundations would be able to better frame the issues. Furthermore, reaching out to media persons and offering a designated spokesperson for comment would limit interference from third parties that are often not as knowledgeable about the topics being discussed.

### D. Trust in Charitable Organizations<sup>13</sup>

Paul Light, Senior Fellow of the The Brookings Institution, has authored numerous articles and reports on public trust in charitable organizations and charitable giving. Much of his work is based on data collected by Brookings’ Center for Public Service (CPS).

American public in the work they do. In a September 2002 CPS survey, the percentage of those having little to no confidence in charitable organizations was 37 percent.

The author proposes that charitable organizations’ tendency to let an occasional scandal go without any public-relations recourse hinders their confidence rating. The charitable sector’s reluctance to survey the public’s opinion of them indicates the lack of regard it has for widespread attitudes and perceptions.

Using a collection of publicly available data, Light arrives at a few key recommendations for improving charitable trust. He suggests that the charitable sector take aggressive action to explain itself and defend itself when attacked. He also states that charities should measure the impact of their work and address organizational problems in a timely fashion.

Light's 2004 evaluation of trust in charitable organizations, presented in his "Fact Sheet on the Continued Crisis in Charitable Confidence,"<sup>14</sup> shows that the passage of time has not helped to reduce negativity. In fact, the new data from this public opinion survey of 1,417 Americans show that even those most positively disposed to charitable organizations still doubt that those groups spent their money wisely. Only four in 10 (41 percent) believe these organizations are doing a very good job spending money wisely. Light concludes that the charitable sector will not recover from its current crisis by doing more of the same. Instead, the sector needs to embrace reform.

## I M P L I C A T I O N S

The scope and focus of foundation-sponsored research appears to dwell heavily on questions of operational effectiveness and grantee oversight and relations. The timing of these studies suggests that, at least to some extent, foundations have reacted to policymakers' public questioning of the operations of the philanthropic sector. Given the role public opinion can play to influence the development of policy, a number of implications arise which call for further research.

Below we describe relevant areas that should be explored in order to begin to answer the broader question of how foundations can or should position themselves within the charitable sector in order to ensure continued operation and successful execution of their respective missions.

- 1) Gaps in the body of research that has been conducted on public perceptions of the charitable sector need to be addressed in order to better understand how philanthropic institutions can or even should engage directly with the broader public. For example, how does the public distinguish between foundations and the charitable organizations that receive their support? And, if they don't see a distinction, what measurable benefits can be realized by changing public perceptions?
- 2) The introspective nature of foundation-sponsored research in the area of philanthropy and the caution expressed regarding sector-wide findings raise important questions about the culture of philanthropy. Specifically, do the individuals and institutions that comprise this sector understand themselves to be collectively affected by public opinion? If so, do they have the cultural capacity (aside from institutional capabilities) to engage on this issue cohesively? In order to gain a better understanding of how the private foundation sector could engage with the public it will be necessary to conduct research within the sector to identify the barriers to and opportunities for sector-wide action.
- 3) This research review indicates that the knowledge and views of targeted audiences should be considered by private foundations. Should the philanthropic sector wish to engage with "the public," it must first define whose views must be changed. Specifically, gatekeepers to public opinion, such as the media, public officials, and others who give commentary on philanthropy should be interviewed for their perspectives.
- 4) A final implication concerns the role of grantees. Traditionally, foundations operate in "quiet support" of grantees. A change in the level of public engagement on the part of foundations will surely have an impact on their grantees. Further, grantee organizations themselves may have a role to play in shaping public perceptions of private foundations. Consideration of the dynamic between grantor and grantee reveals another area in which research-to-date has significant gaps that should be explored.

# concluding thoughts

Foundations are introspective – they want to know if they are doing a good job and, at least in theory, want to learn how to improve. In addition, they do not see themselves as solo operators. Rather, they appear to value the input and opinions of individuals and institutions outside their own doors. The work foundations have done to assess and improve grantee relations suggests that foundations believe that public perceptions can affect their ability to achieve their goals.

Important questions arise regarding the culture of the foundation sector and the extent to which the individual institutions comprising it perceive value in engaging in strategic communication with the public. The publicly available research would suggest that the foundation sector is not proactive in terms of understanding external perceptions and how these attitudes and opinions might affect their ability to fulfill their missions.

In closing, the research review confirms that the PAI can explore the attitudes of foundations on the question of public engagement without fear of duplicating past work. Indeed, such an effort should contribute meaningfully to the sector's understanding of itself and will add important value to the consideration of a sector-wide external communications effort.

## END NOTES

- 1 Study Name: Indicators of Effectiveness: Understanding and Improving Foundation Performance.  
Author: The Center for Effective Philanthropy.  
Sponsors: The Atlantic Philanthropies, The David and Lucile Packard Foundation, Surdna Foundation.  
Published: August 2002
- 2 Ibid
- 3 Study Name: Attitudes and Practices Concerning Effective Philanthropy.  
Author: Francie Ostrower, The Urban Institute, Center on Non-Profits and Philanthropy.  
Sponsors: The David and Lucile Packard Foundation, Grantmakers for Effective Organizations.  
Published: April 2004
- 4 Ibid
- 5 Study Name: Philanthropy's Forgotten Resource? Engaging the Individual Donor.  
Author: Siegel, Dan and Yancey, Jenny, research assistance from Kober, Scotty; The Donor Education Initiative, New Visions Philanthropic Research and Development.  
Sponsors: The Ford Foundation, The William and Flora Hewlett Foundation, W.K. Kellogg Foundation, and The David and Lucile Packard Foundation.  
Published: 2003
- 6 Study Name: Foundation Governance: The CEO Viewpoint.  
Author: Buchanan, Phil (primary author); The Center for Effective Philanthropy.  
Sponsors: The Atlantic Philanthropies, Surdna Foundation, The David and Lucile Packard Foundation, The John D. and Catherine T. MacArthur Foundation, Charles Stewart Mott Foundation, Rockefeller Brothers Fund, Charles and Helen Schwab Foundation.  
Published: 2004
- 7 Study Name: Grantee Perception Report.  
Author: Center for Effective Philanthropy.  
Sponsor: The William and Flora Hewlett Foundation.  
Published: January 30, 2004
- 8 Study Name: Listening to Grantees: What Nonprofits Value in their Foundation Funders.  
Author: Bolduc, Kevin; Buchanan, Phil; and Huang, Judy; The Center for Effective Philanthropy.

## END NOTES

Sponsors: Foundation, Gordon and Betty Moore Foundation, Rockefeller Brothers Fund, Lumina Foundation for Education, Carnegie Corporation of New York, Ewing Marion Kauffman Foundation, and The John D. and Catherine T. MacArthur Foundation

Published: 2004

- 9 Kelly, Paula J. "Leadership in Challenging Times." Foundation News and Commentary. Council on Foundations. January/February 2004. Kelly argues that communicating nothing is better than not communicating anything. A simple update that "the Board has not made its decision yet" is preferable to silence.
- 10 Study Name: 2003 Opinion Tracking: Council on Foundations  
Author: Wirthlin Worldwide for Council on Foundations  
Sponsor: Council on Foundations  
Published: September 2003
- 11 Study Name: National Benchmark Study: Measuring the Business Value of Corporate Philanthropy.  
Author: Walker Information of Indianapolis.  
Sponsor: Council on Foundations (along with various funders).  
Published: May 2002
- 12 Title: Truth on the Sidelines: Philanthropy and Foundations in the Media.  
Author: Gould, Douglas; Lewis, Sharon; Zamora, Ivette; and Cesarano, Joseph; Douglas Gould and Company.  
Published: September 2003
- 13 Light, Paul. "Trust in Charitable Organizations," The Brookings Institution. December 2002.
- 14 Title: Fact Sheet on the Continued Crisis in Charitable Confidence  
Author: Light, Paul.  
Sponsor: The Center for Public Service at The Brookings Institution  
Published: September 13, 2004

## APPENDIX: SUMMARY OF SOURCES/FOUNDATION-SPECIFIC RESEARCH

### SURVEYS OF GRANTEES, PHILANTHROPIC LEADERS, WORKFORCE AND AFFILIATES

Study Name: **Attitudes and Practices Concerning Effective Philanthropy.**

Author: Francie Ostrower, The Urban Institute, Center on Non- Profits and Philanthropy.

Sponsors: The David and Lucile Packard Foundation, Grantmakers for Effective Organizations.

Published: April 2004

Survey of 1,192 staffed grant-making foundations.

Study Name: **Foundation Governance: The CEO Viewpoint.**

Author: Buchanan, Phil (primary author); The Center for Effective Philanthropy.

Sponsors: The Atlantic Philanthropies, Surdna Foundation, The David and Lucile Packard Foundation, The John D. and Catherine T. MacArthur Foundation, Charles Stewart Mott Foundation, Rockefeller Brothers Fund, Charles and Helen Schwab Foundation.

Published: 2004

Phase 1 of a two-phase study. Second portion "Foundation Governance: The Trustee Viewpoint." Survey of 250 CEOs from the largest U.S. foundations, conducted Fall 2003.

Study Name: **Foundation Trustee Fees: Use and Abuse.**

Author: Ahn, Christine, Eisenberg, Pablo, Khamvongsa, Channapha.

Sponsors: The Center for Public and Nonprofit Leadership, Georgetown Public Policy Institute. Not clearly specified.

Published: September 2003

Data collected from 176 of the largest private foundations. Includes foundations' 1998 and 1999 federal tax returns and telephone interviews with foundation representatives.

Study Name: **Grantee Perception Report.**

Author: Center for Effective Philanthropy.

Sponsor: The William and Flora Hewlett Foundation

Published: January 30, 2004

Survey of Hewlett Foundation grant recipients during 2002 calendar year. Part of larger CEP survey that included 28 foundations.

**Study Name:** **Indicators of Effectiveness: Understanding and Improving Foundation Performance.**  
**Author:** The Center for Effective Philanthropy.  
**Sponsors:** The Atlantic Philanthropies, The David and Lucile Packard Foundation, Surdna Foundation.  
**Published:** August 2002  
Survey of CEOs from 225 largest foundations, 3,500 domestic grantees from 23 of the largest private US foundations, and 13 foundation trustees. In total, 95 CEOs, 926 Grantees and 13 Trustees responded.

**Study Name:** **Listening to Grantees: What Nonprofits Value in their Foundation Funders.**  
**Author:** Bolduc, Kevin, Buchanan, Phil, and Huang, Judy; The Center for Effective Philanthropy.  
**Sponsors:** The William and Flora Hewlett Foundation, Skoll Foundation, The Atlantic Philanthropies, Surdna Foundation, The David and Lucile Packard Foundation, Charles Stewart Mott Foundation, Gordon and Betty Moore Foundation, Rockefeller Brothers Fund, Lumina Foundation for Education, Carnegie Corporation of New York, Ewing Marion Kauffman Foundation, and The John D. and Catherine T. MacArthur Foundation  
**Published:** 2004  
Almost 3200 grantees participated in the study.

**Study Name:** **Philanthropy's Forgotten Resource? Engaging the Individual Donor.**  
**Author:** Siegel, Dan and Yancey, Jenny, research assistance from Kober, Scotty; The Donor Education Initiative, New Visions Philanthropic Research and Development.  
**Sponsors:** The Ford Foundation, The William and Flora Hewlett Foundation, W.K. Kellogg Foundation, and The David and Lucile Packard Foundation.  
**Published:** 2003  
Research includes interviews with a combination of 350 key leaders and practitioners in donor education, advisory roles, consultants, foundation officials, and researchers.

**Study Name:** **Philanthropy and the Law—A Symposium.**  
**Author:** Philanthropy Magazine. The Philanthropy Roundtable.  
**Sponsor:** N/A  
**Published:** July/August 2004  
Interviews with non-profit leaders on new regulations for foundations and charities. Ten questions posed to 12 philanthropic leaders.

Study Name: **“Preserving the Public Trust,” a Study of Exemplary Practices in Grantmaking.**  
Author: Shaw, Aileen, Furnari, Ellen, Odendahl, Teresa  
Sponsors: Nonprofit Sector Research Fund, The Aspen Institute.  
Published: Spring 2000

### **SURVEY OF FUNDRAISERS**

Study Name: **Philanthropic Giving Index**  
Author: The Center on Philanthropy at Indiana University.  
Sponsors: The Association of Fundraising Professionals, The Association for Healthcare Philanthropy  
Published: Ongoing  
Regular tracking survey of fundraisers utilizes Philanthropic Giving Index to determine Philanthropic Giving Prospectus.

### **SURVEYS OF THE PUBLIC/REPORTS OF PUBLIC OPINION**

Study Name: **Fact Sheet on the Continued Crisis in Charitable Confidence**  
Author: Light, Paul.  
Sponsor: Center for Public Service at The Brookings Institution.  
Published: September 13, 2004  
Random telephone survey of 1,417 Americans.  
Light, Paul. “Trust in Charitable Organizations” The Brookings Institution. December 2002.  
Compilation of various Center for Public Service surveys.

Study Name: **2003 Opinion Tracking: Council on Foundations**  
Author: Wirthlin Worldwide for Council on Foundations  
Sponsor: Council on Foundations  
Published: September, 2003  
Survey of 1002 adult Americans, 187 “Influentials” and 150 senior congressional staff members.

Study Name: **National Benchmark Study: Measuring the Business Value of Corporate Philanthropy.**  
Author: Walker Information of Indianapolis.  
Sponsor: Council on Foundations (along with various funders).  
Published: May 2002  
Study conducted 2001 and early 2002, and included three population segments: employees, customers, and shareholders.

## NON-SURVEY-RELATED RESEARCH AND ARTICLES

“Adventures in Philanthropy: Ten Minutes with Jon J. Skillman,” *Philanthropy Magazine*. The Philanthropy Roundtable. March/April 2005.

“Assessing Foundation Performance: Lessons Learned from a Gathering of Foundation Leaders.” The Center for Effective Philanthropy. November 14-15 2002.

Kelly, Paula J. “Leadership in Challenging Times.” *Foundation News and Commentary*. Council on Foundations. January/February 2004.

Laurie, Marilyn. “Best and Highest.” *Foundation News and Commentary*. Council on Foundations. May/June 2005.

Meyerson, Adam. “A Serious Threat to Philanthropic Freedom.” *Philanthropy Magazine*. The Philanthropy Roundtable. July/August 2004.

Enright, Kathleen. “Philanthropy’s New Clothes.” *Foundation News and Commentary*. Council on Foundations. May/June 2005.

Brown, P., Chaskin, R., Hamilton, R, and Richmond, H. “Toward Greater Effectiveness in Community Change. Challenges and Responses for Philanthropy.” The Foundation Center September 2003.

“Truth on the Sidelines: Philanthropy and Foundations in the Media.” Douglas Gould and Company. September 2003.

Johnson, P., Kingman, A., Johnsen, S. “Promoting Philanthropy: Global Challenges and Approaches.” International Network on Strategic Philanthropy. December 2004.

## OTHER LITERATURE OF INTEREST (either not directly relevant, or more than five years old)

Havens, J., Scherrish, P., Oherlihy, M. “2003 Survey of Planned Giving Vehicles” Non-Profit Times and Social Welfare Research Institute. June 2003.

“Emerging Philanthropy in Communities of Color: A Report on Current Trends.” W.K. Kellogg Foundation., Ford Foundation, and The David and Lucile Packard Foundation.

“Giving at Work 2003.” National Committee for Responsive Philanthropy and National Alliance for Choice in Giving. 2003.

Light, Paul. “Winning the Talent War: New Brookings Survey Finds the Nonprofit Sector Has the Most Dedicated Workforce.” The Brookings Institution. October 3, 2002.

Backer, Thomas E. “Innovation in Context: New Foundation Approaches to Evaluation, Collaboration and Best Practices.” Human Interaction Research Institute. Conducted for John S. and James L. Knight Foundation. November 1999.

Wilhelm, Mark “Distribution of Giving in Six Surveys.” Indiana University Research Fund. November 2002.

Prager, Dennis J. “Raising the Value of Philanthropy.” A Synthesis of Informal Interviews with Foundation Executives and Observers of Philanthropy. Prepared for Jewish Healthcare Foundation, the Forbes Fund, and Grantmakers in Health. February 1999.

FOUNDATIONWORKS

STRATEGIES FOR INSPIRATION + IMPACT

[www.foundationworks.org](http://www.foundationworks.org)