Three Essays on Preferences for and Determinants of Participatory Philanthropy in U.S. Foundations

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A dissertation

submitted in partial fulfillment of the

requirements for the degree of

Doctor of Philosophy

University of Washington

2022

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Abstract

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Philanthropic foundations are an important, if understudied, governance institution in the United States that exert tremendous influence over public policy and political discourse through grant-making, capacity-building and technical support, and by shaping organizational fields. Historically, these institutions have been closed off to public input, instead relying on professional expertise to dictate policy problems and their appropriate solutions. But movements to open governing institutions and make them more accessible to citizen/beneficiary/client input have fomented over the past decades. The nature of public challenges has also become increasingly complex and boundary-spanning, necessitating more collaborative models of governance that engage all parties, including those who have been historically marginalized.

There is a wealth of literature on how these movements for open governance and citizen participation affect the public sector and there is even growing pracademic literature about participation in grant-making public charities and nonprofits. There is, however, very little research on how participation manifests in the context of private philanthropy. This dissertation seeks to fill this gap by exploring how foundations value stakeholder participation and the organizational factors that predict utilization of participatory practices in these large foundations.

Outcome data on participatory practices used to satisfy these research objectives comes from a novel survey of the 500 largest private and community foundations in the United States (by total assets, 2018). Conducted in 2020, this survey represents the first systematic attempt to study the participatory practices of large foundations in the United States. Explanatory variable data on foundations leaders, staff, and organizational attributes was obtained using foundation websites, LinkedIn, and social media aggregators. Overall, the dataset used in this dissertation provides insights on foundations' leaders, staff, organizational structure, and decision-making processes – this is a unique contribution to a field that has been understudied primarily because of the inherent difficulties of obtaining information about these intensely private organizations.

In aggregate, findings from this series of studies build upon previous research and suggest that participatory philanthropy is not only a part of many foundations' governance repertoires, but as Chapter 2 illustrates, that foundations clearly value stakeholder participation in their grantees. The limitation is that this support decreases as a function of the amount of power-sharing between the grantees and those they serve. That is, foundations express more support for the idea of their grantees consulting beneficiaries than devolving decision-making power to those beneficiaries. That foundations are demonstrably value stakeholder participation, suggests a

potential willingness to experiment with and learn from stakeholder participation and to cede power over internal decision-making processes to some extent.

Chapters 3 explores one mechanism theorized to drive the adoption and utilization of stakeholder participation in U.S. foundations – namely, the association between foundation program staff characteristics and the uptake/utilization of participatory practices in governance and grant-making. Program staff are the frontline workers of the foundation, essentially the foundation's equivalent of the street-level bureaucrat; they cultivate relationships with grantees and manage the disconnect between the way that foundation leadership conceptualizes social problems and the way these problems are understood by those who face them.

Three attributes – the proportion of program staff of color, the proportion of program staff educated at elite institutions, and the proportion of program staff educated in business – are tested to determine whether and how they influence organizational-level participatory philanthropic outcomes. Program staff race is found not to be associated with whether a foundation utilizes participatory practices but is significantly positively associated with the extent to which foundations use these practices, a finding which merits further exploration, particularly given the challenges that people of color can encounter working in predominantly white, patriarchal institutions (see Villanueva, 2018 and Kohl-Arenas, 2017). The proportion of program staff educated at elite institutions is found to be negatively associated with uptake and utilization, such that a greater proportion of Ivy League staff is associated with a smaller likelihood and extent of utilization of participatory practices. Finally, the proportion of program staff who are socialized in the business discipline, which is expected to be negatively associated, is positively associated with the extent of utilization of participatory methods. These findings provide some preliminary evidence that diverse worldviews of program staff are indeed

correlated with stakeholder participation efforts within the foundation, but more work remains to ascertain whether these relationships are causal.

Chapter 4 examines whether and how female leadership and female leaders of color are associated with uptake and utilization of participatory philanthropic practices. Feminist approaches to philanthropy and participatory philanthropy dovetail in terms of their egalitarian, democratic approaches to giving. In fact, both are predicated on the logic of sharing power between resource holders and the historically marginalized. There are also notable observable differences in female leadership behaviors, namely the observed propensity to demonstrate more transformative leadership characteristics, valuing relationship-building and subordinate empowerment more than male leaders in comparable positions. This study theorizes that foundations headed by female executive directors (and female directors of color) may be more likely to utilize participatory approaches to philanthropy. An important counterargument, however, is that organizational inertia and the barriers that women face in terms of influence may be too great to overcome. Indeed, this study finds female leadership and female leadership of color to be unassociated with either the adoption or extent of utilization of participatory philanthropic methods at any level of power-sharing with stakeholders. Rather than seeing these findings as an indication of a summary lack of impact of female leaders, this work raises questions about the organizational factors that impede or facilitate women's influence and invites further exploration into the leadership-level determinants of utilizing democratizing philanthropic practices.

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Acknowledgements

I am eternally grateful for the feedback, guidance, and support provided by my dissertation reading committee, Mary Kay Gugerty, David Suárez, and Scott Allard. It would be difficult to overstate how much I have learned from each of these amazing scholars during my time at the Evans School. Each of them challenged me to think from a different disciplinary lens, which I believe serves to enrich my work and has ultimately made me a better scholar than I would have otherwise been. I owe Mary Kay Gugerty a great debt of gratitude for constantly encouraging me to think ambitiously over the past years and believing that I had the capacity to make good on that ambition.

Finally, I am deeply grateful for having had a chance to work with some of the best and brightest burgeoning public administration scholars in the field. Kelly Husted, who dared to dream big with me and co-conceived this huge participatory grant-making project that was ultimately funded by the Ford Foundation and brought us on this remarkable professional adventure. Our creative process over the years has challenged me daily, has filled me with an unparalleled intellectual joy, and has reaffirmed my belief that research can and must be conducted with the public interest in mind. Rebeca de Buen Kalman has also been an invaluable social and intellectual support. Whether we are discussing matters of epistemology, dreaming up how to analyze all the interesting data she unearths, or talking about the future of our fields, our work together has always motivated me. Additionally, Kate Crosman, Amy Beck Harris, and Kathleen Moore gave me indispensable guidance on the dissertation process.

To the amazing philanthropic practitioners, including Cynthia Gibson, Chris Cardona, and the Participatory Grant-making Community of Practice, and all the conversations that have guided my thinking about participatory philanthropy and how engaged scholarship can support

the proliferation of these democratizing methods in the field. I want to acknowledge that the work presented in this dissertation is but a small attempt at crystallizing and codifying what we know about participatory philanthropy; the folks who do this work daily are the true fountain of knowledge. To the extent that the findings herein contained can support their work, I believe I will have contributed.

I am also extraordinarily fortunate to have a support system and family that believes in me when I do not always believe in myself. Marissa King, Carrianne Popek, and Rebecca Miller supported me through my trials and triumphs over the years in myriad ways and I am so grateful to have these extraordinary people in my corner. My partner, David Mason, dropped everything seven years ago, moved across the country, and embarked upon this crazy journey with me. There has never been a doubt in his mind that I could do this; I needed that kind of confidence. August "Augie" Mason joined our family in January 2022 and lit a fire under me to finish this.

For Augie.

Chapter 1. Introduction

For the Well-being of Mankind: Institutional Philanthropy and American Society.

The philanthropic foundation is among a patchwork of formal institutions in the United States designed to provide for the public good. Today, foundation size in the United States has peaked, with assets estimated to exceed $1 trillion and grant-making (as a percentage of total assets) continues to increase year over year (Di Mento, 2019) giving these organizations significant power to dictate social means and ends. Historically, the largest philanthropic foundations sought to make change on an unprecedented scale, upending more traditional, triage-oriented charitable approaches like almsgiving, and replacing them with systematic programs and strategies (Zunz, 2014). The key goal of this enterprise was to address the underlying causes of society's problems, rather than just the symptoms (Evans, 2015). Foundations' historical societal influence is evident in their roles in shaping (or reframing) public policy discourse (Francis, 2019; Tompkins-Stange, 2016; Quinn, Tompkins-Stange, & Meyerson, 2014; Reckhow, 2013; Ball & Junemann, 2012; Jenkins et al., 2018; Covington, 1997; Fisher, 1983), professionalizing and de-radicalizing social movements through channeling and capacity-building (Francis, 2019; Roelofs, 2003, 2015; Jenkins, 1989; Jenkins & Eckert, 1986), and legitimating specific nonprofit programs and practices through their grant-making strategies (Baltodano, 2017; Ardoin & Bowers, 2012; Delfin & Tang, 2008).

Understanding the potential that foundations have to shape the public interest, this work argues that two features of institutional philanthropy threaten its possibility of reflecting democratic values of equity and justice. The first feature is the aforementioned lack of transparency or clear lines of accountability, particularly to those *outside* of the foundation (Reich 2018; Callahan, 2017; Giridharadas, 2017). Apart from tax exemption criteria from the

Internal Revenue Service, namely abstaining from political lobbying and electioneering, dispersing 5% of its assets per annum, and adhering to annual tax filings (IRS Form 990-PF) detailing its expenses, investment revenue, and grant disbursements, foundations can apply their resources in any way their governing board, leaders, and/or staff see fit. By their nature, most foundations do not actually do the work of social change but rely on their grantees to do so (Hammack & Anheier, 2013). This produces a disconnect in accountability between the foundation, the organizations it funds, and the individuals that these resources go to serve. For private foundations, despite being legally-defined as "general purpose" – intimating a certain amount of operational flexibility – the question arises of whether the foundation is beholden to the communities it serves or to the original donor's intent. In the case of community foundations, there is much discussion about getting donors involved, but this assumes that donors have the same interests as the foundation's beneficiaries. In either case, the lines of accountability to the individuals who face societal challenges (as well as what that accountability looks like in practice) remain murky.

The second feature of institutional philanthropy that threatens its claim to democracy, equity, and justice is its lack of representative capacity. Foundations have historically been led and staffed by white elites and many of these foundations remain predominantly white institutions today. Foundations in the U.S. have also historically privileged the views of experts and professionals (Zunz, 2014; Roelofs, 2003). This is problematic from the perspective of what Dolšak & Prakash (2021) call *representation failure*, in which organizations that do not descriptively represent the communities they serve (in terms of race, gender, and class) are liable to neglect the perspectives and understandings that those communities hold. Most immediately, this poses a threat to the effectiveness of social interventions; beneficiaries have understandings

of the problems they face that are not necessarily considered when deriving foundation priorities and favored programmatic approaches (Twersky, Buchanan, & Threlfall, 2013). For instance, an expert who has never actually experienced poverty may not be best suited to assess the needs of individuals living in poverty. The longer-term consequence of elite overrepresentation is the lack of incentive to address systemic inequities (Villanueva, 2018; Roelofs, 2003). Scholars and practitioners who argue from this perspective raise the question of why foundations – built as they are upon fortunes amassed from exploitative capitalist systems – should have any inducement to try to uproot the systems that facilitated their wealth accumulation (Roelofs, 2007; Ahn, 2007).

Foundations face increasing pressure to be publicly transparent about their giving as public trust in these institutions remains relatively low (*Independent Sector*, 2022; Soskis, 2021). Foundations' lack of transparency and representative capacity have caused critical scholars and political theorists to ask: Given that philanthropic foundations in the United States were institutionalized by industrialist "robber barons", continue to descriptively represent white elites, and are under no obligation to include the voices of the often-marginalized communities they serve, are these institutions capable of representing the interests of those communities and truly confronting the power asymmetries that generated and sustain social inequality?

Some have argued that only by meaningfully including the perspectives of external stakeholders (e.g., grantees, communities directly affected by the foundation's funding, the public) can institutional philanthropy fund work that truly reflects the public interest and shifts power to the historically disenfranchised. This series of study aims to gain purchase on emerging phenomenon called *participatory philanthropy,* which does exactly that. Participatory philanthropy is a suite of approaches that share the common thread of engaging external

stakeholders, through processes of consultation, involvement in decision-making, or actively ceding decision-making power to these stakeholders (Evans, 2015). In its purest form, participatory philanthropy aims to break down power dynamics that preserve systems of inequity and marginalization by putting philanthropic resources in the hands of individuals who experience the problems that the foundation aims to solve (Gibson, 2017; Evans, 2015).

Traditional versus Participatory Approaches in Institutional Philanthropy

Various models of philanthropic giving have arisen over the years, and while there is some variability between foundations in internal decision-making, the general process of grant-making often follows the structure described in Figure 1. This structure arose in the early days of institutional philanthropy as a means of preventing a deluge of individual funding solicitations and establishing a systematic way of identifying which funding proposals had the best prospects for effectiveness according to foundation leadership (Zunz, 2014). In most instances, the traditional model keeps decision-making power squarely situated in the foundation's hands; board, leaders, and (sometimes) staff determine what issues the foundation will prioritize and how, structure the terms of grant applications, make funding determinations, and manage the on-going accountability relationship between the foundation and its grantees. Depending on the foundation's institutional form and history, these decisions can be guided by the original donor's intent, by a group of donors (as in community foundation giving circles – Eikenberry, 2006; 2009), through the input of program staff, or a combination of these.

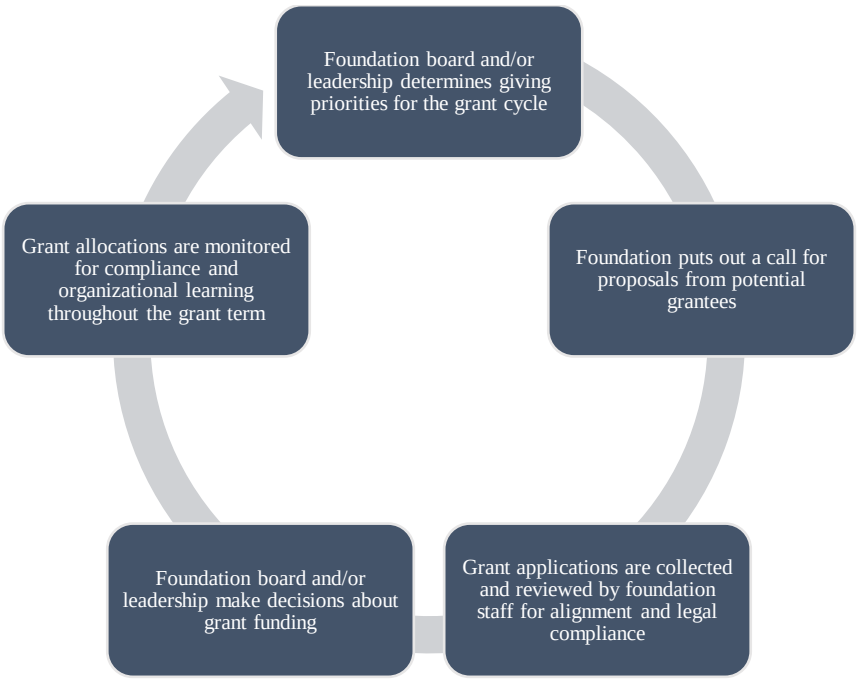

Figure 1. Traditional model of grant-making in institutional philanthropy

In contrast, participatory philanthropy innovates on the traditional model by opening the process to individuals who have not historically had access to it and whose perspectives provide valuable insights into the nature of the problems (Hauger, 2022). Many of the example cases of participatory philanthropy come from small grant-making public charities, like the Haymarket Peoples' Fund. Haymarket has utilized a participatory approach to philanthropy since its inception in 1974, evolving from an informal collective of social justice-oriented donors to a formal organization that predominantly funds social movement organizations. A central aspect of Haymarket's practice is the reliance on community voices to make grant decisions. Haymarket empowers community leaders and organizers to serve an annual term on their grant-making boards, with the understanding that those who are on the front lines fighting injustice are best situated to determine what types of interventions stand to make the greatest impact (Ostrander, 1997). The New England Grassroots Environment Fund (called The Grassroots Fund) is another public charity that utilizes a participatory framework in several aspects of its governance and

grant-making, including ensuring community representation on governing boards, convening community stakeholders to inform strategy and resource allocation, and – critically – by holding conversations among existing board members about the importance of stakeholder participation and inclusion (Robinson, 2021). Haymarket and Grassroots share a deeply embedded ethos of social justice and equity, as do many of the organizations that exemplify participatory philanthropy.

Importantly, many of the case studies in participatory philanthropy document these practices among grant-making public charities, with little to no research systematically examining what these processes look like in large private foundations. Existing research on participatory philanthropy is useful to characterize the various practical forms that the phenomenon takes, the distinction between a public charity and private foundation is an important one. Public charities derive their revenue from a variety of different sources, while private foundations generally obtain grantable funds from gains on investments of their endowment – usually from a single benefactor. That a single donor or smaller constitutive group of donors contributes to private foundations' grantable resources amplifies the previously discussed concerns about accountability, namely how foundations see their accountability relative to those they aim to serve.

Participatory philanthropy is one of several related and overlapping approaches, such as "community-led philanthropy/grant-making" and "participatory grant-making", although there is significant debate on the boundaries of each of these phenomena. The shared thread between these approaches is an ethos best characterized by the Disability Rights Fund slogan, "Nothing about us without us", but what participatory philanthropy can look like in practice is not well-defined. Indeed, definitions of what constitutes participatory philanthropy vary significantly

between organizations (Gibson, 2017), necessitating a comprehensive framework for assessing the prevalence of these practices.

Building on Gibson (2018), literature on stakeholder participation (Arnstein, 1969), and literature on collaborative governance/deliberative democracy (Emerson & Nabatchi, 2015; Emerson, Nabatchi, & Balogh, 2012; Fung, 2006), this work defined participatory philanthropy along three dimensions outlined in the Conceptual Model of Stakeholder Participation in Institutional Philanthropy presented in Figure 2 (Husted, Finchum-Mason, & Suárez, 2021). The first dimension identifies which stakeholders (internal or external) participate. Potential participants in foundation decision-making can include both internal and external stakeholders, but participatory processes emphasize the inclusion of external stakeholders, including those who rely on or are in some way impacted by the foundation's actions. The second dimension assesses the processes in which stakeholders participate. Drawing on the traditional model outlined in Figure 1, stakeholders can theoretically contribute at any stage and substantively influence governance and grant-making outcomes, albeit in distinct ways. The third dimension is perhaps the most important and deals with the degree of power-sharing between the foundation and its stakeholders, ranging from more tokenistic consultative relationships to full devolution of decision-making authority to stakeholders. As the participatory models of Haymarket, the Grassroots Fund, and the Disability Rights Fund illustrate, meaningful participation is that which shares power, putting decision-making authority (to one degree or another) in the hands of those who will ultimately come to be affected by the decisions.

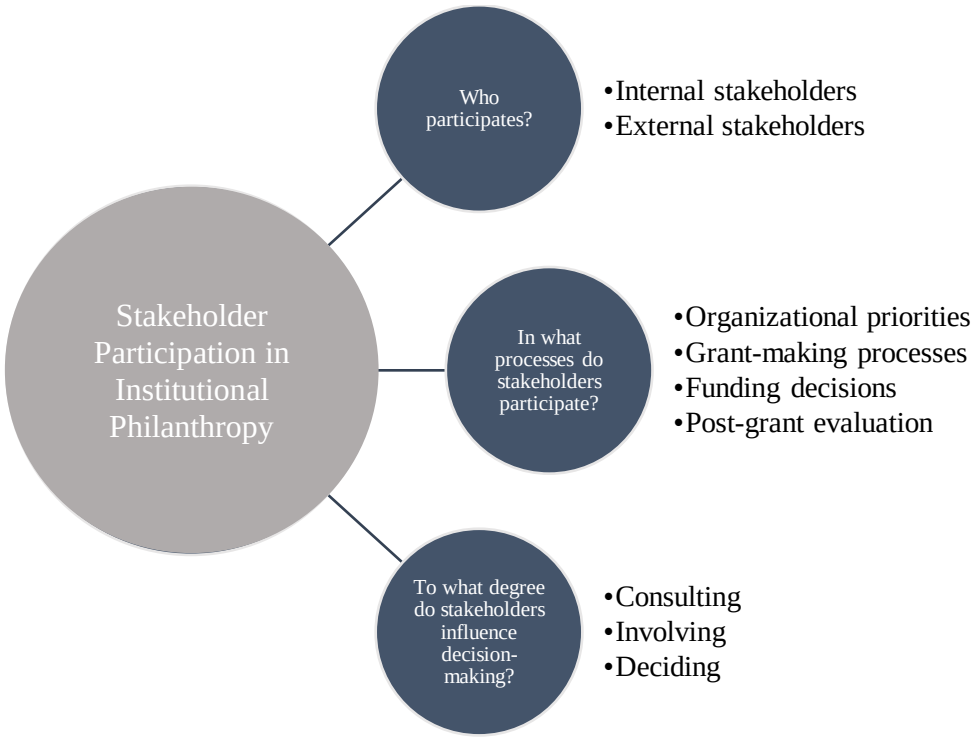

Figure 2. Conceptual Model of Stakeholder Participation in Institutional Philanthropy (Husted, Finchum-Mason, & Suárez, 2021)

One of the key points implicit in this conceptual model is the idea that participatory philanthropy is not "all or nothing". Even if foundations are not grounded in the same participatory ethos that drives Haymarket or the Grassroots Fund, there are still opportunities for foundations to center the important perspectives of external stakeholders to influence their work. This framework captures the extent to which large foundations currently utilize participatory approaches and the diversity currently present in the field, with the goal of facilitating further analysis into the factors that drive adoption and utilization of participatory philanthropy. Current estimates suggest that 83% of large foundations reported utilizing at least one form of external stakeholder participation in their governance or grant-making, but that much of this reported participation is consultative and does not necessarily share power with external stakeholders (Husted, Finchum-Mason, & Suárez, 2021). Now that there is a comprehensive picture of the

array of participatory practices currently utilized by large foundations, it is imperative to uncover the attributes that differentiate foundations that use participatory approaches from foundations that do not.

Making the Case for Participatory Philanthropy

We have reached a critical moment for stakeholder participation in philanthropy. The challenges currently facing society - including income inequality, racial discrimination, threats to bodily autonomy, and the existential threat of climate change – are complex and reveal systemic dependencies that require collaborative efforts to address (Sirianni, 2009). This work cannot happen without the inclusion of individuals at the front lines of these social challenges. Many practitioners argue for participatory approaches based on their effectiveness in achieving social ends (Twersky, Buchanan, & Threlfell, 2013). Whether participatory practices increase grant-making effectiveness is a matter of debate at this point, especially considering that the metrics used to define success in traditional grant-making practices are not necessarily the metrics that would best capture success in participatory processes. These two evaluation frameworks need not be separate, but – in practice – they often are.

Apart from the effectiveness argument, others suggest the need to innovate the process of decision-making in the public interest because those who are affected by foundation funding have a *right* to be included (Hauger, 2022). Calls to democratize foundation decision-making mirror trends in the public sector, wherein citizens and other formal governance institutions become increasingly collaborative (i.e., participatory budgeting, citizen advisory councils), thus there is significant pressure on large philanthropic foundations to open their decision-making practices as well (Gibson, 2017). Further, the confluence of the COVID-19 pandemic and the global uprising against police brutality in the wake of George Floyd's murder have brought

public attention to how foundations support (or fail to support) social equity goals through their governance and grant-making. Participatory philanthropy is one, albeit not the only, important lever by which foundations can heed the growing calls for democratization, bring their stakeholders into the fold, and ensure that their funding more accurately reflects the needs of the community it purports to serve.

Data: Contributions & Limitations

This work takes for granted that participatory philanthropy is a normatively positive organizational innovation in large foundations and that, by understanding what drives this phenomenon at the foundation level, it is possible to increase the adoption and utilization of these methods. Thus, the shared goal of the three essays in this series is to explore how foundations think about external stakeholder participation and the internal factors associated with external stakeholder participation. All three essays utilize survey data collected from 148 of the largest private and community foundations in the United States (by total assets, 2018). Foundation executives and grants professionals were surveyed between May 2019 and January 2020 regarding their foundation's internal stakeholder engagement practices within the past two years as well as the stakeholder participation practices they have funded in their grantees. The conceptual model in Figure 2 is operationalized in the decision matrices shown in Figure 3. Each foundation completed response matrices reflecting the three degrees of power-sharing: consultation, involvement, and decision-making. Foundations that indicated that they regranted funds (i.e., that they provided funding to a grant-making public charity) also completed similar matrices regarding the stakeholder participation efforts that they funded for their grantees. Additionally, data regarding the staff, leadership, funding strategies, funding domains, and geographies served by each foundation in the sample were collected using foundation websites,

LinkedIn, and social media aggregators. Each empirical chapter provides a more targeted description of the data used and the limitations thereof.

This data contributes to the field by providing a view into the internal decision-making processes of philanthropic foundations as well as the composition of foundation staff. Much of the academic literature studying foundations comes from the Foundation Database Online (FDO), a repository of grant-making data obtained from IRS Form 990-PFs, websites, annual reports, and other publicly available information (Candid, 2022). Some foundations self-report their contextual and grant-making data as well. This data is extremely valuable in terms of understanding what organizations foundations support and how these predilections change over time, but the data has several limitations including a time lag on when grants data is available and information that is more or less robust depending on how publicly transparent a foundation elects to be. The data also does not allow us to understand why foundations do what they do and what exactly guides their governance and grant-making.

Major philanthropic associations, such as the Council on Foundations, the Center for Effective Philanthropy, and Grantmakers for Effective Organizations, also conduct research on private foundations via annual topical surveys. Member foundations (consisting of both private foundations and public charities) can elect to participate in these surveys at will, thus introducing two sources of potential selection bias. These biases are not necessarily a threat to the practitioner-facing value of the survey as the results are often used to generate recommendations about new approaches or to stimulate internal reflection processes in each foundation[1] – applications that would likely only be valued by the types of foundations that would respond to

[1] A great example of this is the Center for Effective Philanthropy's Perception Report series, which provides interested foundation leaders the opportunity to learn about how grantees, donors, and staff perceive the approach and impact of the foundation. Results are given to foundation leaders only and no composite dataset is publicly available (or available for proprietary purposes).

the survey. The academic value of this research is limited, however, as dual sources of selection bias minimize generalizability, particularly to private foundations. These data are also simply unavailable to outside parties, many associations do not share the raw data on which their reports are generated, which prevents scholars from using this information for inferential analysis.

Other studies utilize foundation websites as a key source of information on the environmental and contextual determinants of certain foundation approaches (see Suárez, Husted, & Casas Salleras, 2018, and Husted, 2021, for excellent examples). While these are extremely innovative research methods for studying these notoriously hard-to-engage organizational actors, missing from the existing data sources are the internal perspective – how foundation leaders describe and explain their organization's work – and information about the internal contextual details of the organization, like who the foundation's staff and leaders are and how representative they are relative to the populations that the foundation serves. The data used in this dissertation provide such a perspective and do so in a way that limits problems of selection bias; unlike surveys from philanthropic foundations, this survey was conducted using a strategic sampling frame specifically composed of organizations that are legally designated as "private foundations", rather than a mixed convenience sample of private foundations and public charities.

Of course, these data are limited in some notable respects. First, there is selection bias in terms of which foundations responded to the survey and these biases inevitably influence the generalizability of the results to all large U.S. foundations. From the start, the sampling frame was intentionally limited to the 500 largest private foundations in the United States. While appropriate to the questions that the survey and this dissertation posed, does potentially limit the applicability of the results to small foundations, such as local groups that primarily grant

scholarships. As is discussed in each empirical chapter of this dissertation, respondent foundations also differed from the wider sampling frame in some ways; respondents tend to have higher levels of professional transparency (i.e., make more information about their governance and grant-making publicly available) than nonrespondents. This is a relevant difference because foundations that demonstrate transparency may also be more likely to engage stakeholders to participate in their governance and grant-making, therefore estimates of participatory outcomes may be larger than would be expected of the population value. This difference may also mean that the mechanisms at work in respondent foundations are fundamentally different than foundations that are less publicly transparent. The analysis in each chapter takes care to control for as many of these differing features as possible, but the potential threats to external validity remain. From an academic perspective, this is problematic when trying to extrapolate to all large U.S. foundations and further research needs to be done to quantify the extent of that limitation. From a practitioner perspective, the problem is not quite as severe. To the extent that these findings may be used to inform strategic outreach or supports to foundations, it is helpful to know which types of foundations are open to participatory approaches compared to those that have no interest in stakeholder participation.

Another set of limitations regards the validity of the explanatory measures utilized in each chapter. While a more thorough treatment of these limitations is provided in the chapter in which each measure is used, it is critical to acknowledge that the method by which organizational staff and leadership data was collected creates some concern about whether the measures are fully representative of the concept they aim to measure. Chapters 3 and 4, for example, feature data that aim to dichotomize employee race and gender using photographs and other contextual data from social media profiles. Race and gender are incredibly complex social

constructions and, even though a great deal of research treats these concepts as categorical, categorization does not do justice to these characteristics and the lived experiences that are associated with their various intersections. If race and gender were improperly identified, this could negatively influence the reliability of the findings. Unfortunately, systematic data on foundation staff and leadership is extremely limited and, in fact, there is no publicly available data on the racial and gender composition of private foundations in the United States. This work makes a first attempt at trying to understand the racial and gender composition of these shrouded organizations and how they come to bear on operational outcomes.

Finally, despite having a decent response rate of 30.3%, the fact that the analytic sample has an upper bound of 148 foundations presents some concerns about statistical conclusion validity. Large foundations are an incredibly diverse set of organizations and, to precisely estimate the effects of each explanatory variable, it is imperative to control for other factors that may also influence the outcomes. Each of the studies contained in this work aims to do just that, but the inclusion of too many terms in the models creates concerns about having sufficient statistical power. In each study, great care was taken to assess the robustness of the model results using sequential deletion methods. Part of this issue derives from the fact that this field of knowledge is so new that it lacks a solid baseline understanding of what factors do and do not influence the adoption and utilization of participatory methods. As the field grows and this baseline model is elucidated, which characteristics are imperative to control for may be clearer.

Question 25

Indicate all of the ways in which your foundation ***solicited feedback from*** stakeholders about various aspects of the foundation's governance or grant-making.

Please select all that apply.

	our organizational priorities	our grant-making processes	which grantees we fund	our post-grant evaluation	Not applicable
Our foundation solicited feedback from **staff** about					
Our foundation solicited feedback from **peer foundations** about					
Our foundation solicited feedback from **donors/members** about					
Our foundation solicited feedback from **current/former grantees** about					
Our foundation solicited feedback from **non-grantee nonprofits/community-based organizations** about					
Our foundation solicited feedback from **community members directly affected by the foundation's funding** about					
Our foundation solicited feedback from **members of the public** about					

Figure 3. Example response matrix for foundations' stakeholder participation practices.

Overview of Empirical Chapters

The first study in this series of essays, Chapter 2, explores the tension between institutional philanthropy's paternalistic tendencies and the extent to which it values the stakeholder participation efforts of its grantees. Foundation preferences towards internal logics of accountability (Ebrahim, 2009) and paternalism (Saunders-Hastings, 2019) can crowd out the voices of individuals who experience the social challenges the foundation seeks to solve. Using Salamon's (1987) concept of voluntary failures, this work argues that large philanthropic foundations' paternalistic tendencies manifest in preferences towards nonprofit grantees that are more managerial – privileging credentialed experts, formalized governance procedures, and quantitative evaluation – compared with grantees that engage external stakeholders in governance. Using a discrete choice experiment known as best-worst scaling, foundation respondents are asked to decide which of three grantee characteristics would be most attractive. Consistent with dominant logics of internal accountability, I hypothesized that foundations would prefer characteristics indicative of rationalization and professionalization in their grantees, relative to stakeholder participation efforts. Findings indicate quite the opposite, that foundations report an overall significant relative preference for grantees that provide opportunities for stakeholder participation as compared with grantees that are more rationalized and professionalized. However, this relative preference decreases as the degree of power-sharing between the grantee and its stakeholders increases. In other words, when stakeholder participation involves conferring decision-making authority upon external stakeholders, foundations are indifferent between grantees' stakeholder participation efforts and organizational rationalization on average.

Chapter 3 examines the role of an often-neglected set of organizational actors in foundations – program staff. Program staff are the foundation's equivalent of the street level bureaucrat, bridging relationships between the foundation and those it serves (Buteau, Glickman, & Leiwant, 2017; Buchanan, 2015), but they also face distinct pressures to conform to organizational mores and must negotiate the potentially differing perspectives of foundation leaders and foundation beneficiaries (Villanueva, 2018; Kohl-Arenas, 2017). This study argues that demographic and professional composition of program staff – specifically in terms of race, elite status, and professional socialization – may influence the degree to which foundations engage stakeholders. Literature on representative bureaucracy and cognitive diversity support the expectation that program staff race (measured as the proportion of non-white program staff) should be associated with greater utilization of participatory methods, but this finding is only partially supported by the data in that foundations with more non-white program staff are not more likely to use participatory approaches to philanthropy, but do tend to incorporate more participatory activities in their governance and grant-making.

Drawing from literature on elite sociology, greater proportion of elite staff (as measured by the proportion of staff educated at elite institutions) was expected to be negatively associated with utilization of participatory approaches. Logistic and negative binomial regression support this hypothesis across specifications. Finally, professional socialization in business (or the proportion of program staff who hold a master's degree in Business Administration) is expected to be negatively associated with utilization of participatory approaches because of the emphasis on effectiveness and outcomes as compared with values-based, process-oriented approach of participatory philanthropy. Analysis contradicts this expectation to some extent, showing that foundations with a greater proportion of business-educated program staff tend to be *more* likely

to utilize participatory approaches to philanthropy. Overall, this work provides some support for the notion that program staff characteristics, namely the diversity of perspectives and lived experiences they bring to their work, may matter in terms of their foundation's stakeholder participation work. It also raises questions about the organizational factors that may moderate program staff influence, including the role of facilitative leadership and organizational culture.

Finally, Chapter 4 investigates whether and how female foundation leadership is associated with the utilization of participatory philanthropic approaches. Practitioners in the field of participatory grant-making point to a conceptual overlap between feminist models of giving and participatory philanthropy in that both emphasize egalitarianism and democratization, but the question remains whether female leadership facilitates this type of organizational innovation. Synthesizing literatures on leadership (traits, behaviors, and contextual factors), women's leadership, and women's philanthropy, this study raises the question of whether women and women of color, given experiences of historical marginalization and greater tendencies to lead collaboratively, will be more likely to advocate for participatory practices within their foundation. An important counterargument to this proposition, however, is the idea that individuals with marginalized identities who reach positions of power may be less inclined to innovate for fear of losing their position. Female leaders may also face organizational inertia in the form of others' expectations, existing rules, or pervasive norms that impede their ability to innovate, and therefore may be less likely to adopt innovative approaches like participatory philanthropy. Findings suggest that foundations lead by women and women of color are statistically no more or less likely to utilize participatory approaches. As with Chapter 3, this study raises important questions about the moderating role of organizational culture and context

and how it contributes to a baseline propensity to adopt and utilize participatory foundation governance and grant-making.

Key Takeaways and Contributions to the Field

Taken together the findings from this series of studies build upon previous research and suggest that participatory philanthropy is not only a part of many foundations' governance repertoires, but, as Chapter 2 illustrates, that foundations clearly value stakeholder participation in their grantees. The caveat is that expressed support decreases as a function of the amount of power-sharing between the grantees and those they serve. Concretely, foundations express more support for the idea of their grantees consulting beneficiaries than devolving decision-making power to those beneficiaries. That foundations demonstrably value stakeholder participation, suggests they may be willing to experiment with stakeholder participation and open internal decision-making processes to external stakeholders. There is, perhaps, room in the future to expand these approaches given appropriate toolkits[2].

Findings from this study may also suggest that stakeholder participation is becoming a taken-for-granted practice – a function of institutional isomorphism. As pressure builds from external stakeholders, foundations may simply view stakeholder participation practices in their grantees as normatively important. Because this study uses cross-sectional data, further longitudinal research will be needed to adjudicate between these two possibilities. The first empirical chapter also raised many questions that future work should seek to address, especially as it pertains to the relationship between stakeholder participation and rationalization. On the surface these two trends seem to be in tension with one another – stakeholder participation (in its

[2] Efforts to create such a toolkit are already underway as a collaboration between members of the Participatory Grant-making Community of Practice.

purest form) represents ceding power to individuals who may not have the type of strategic or effectiveness-oriented purview that traditional institutional philanthropy has ostensibly valued. Rationalization, at least in the nonprofit world, commonly manifests as keeping power within the organization – practices like strategic planning and formal quantitative evaluation prioritize different skillsets that may exclude other ways of thinking about social change. Nevertheless, the evidence provided in this study indicates that there may be a more nuanced relationship between stakeholder participation and rationalization than a simple notion of complements or substitutes.

Chapters 3 and 4 provide additional insights into the drivers of participatory philanthropy and contribute to the conceptualization of a baseline model of this phenomenon, bringing the field a step closer to understanding which foundations do this type of work. Findings show that, as expected, program staff identities matter, but not always in predicted ways. Leadership identities are found not to be significantly associated with adoption and utilization of participatory philanthropic approaches, which introduces questions regarding the moderating role of contextual factors like organizational culture in the relationship between leadership identities and organizational strategy. What aspects of the foundation, for instance, modulate executives' ability to successfully advocate for more participatory innovations? By identifying foundation attributes that are predictive of utilizing participatory approaches, practitioners can work to develop proper supports to expand stakeholder participation in the field.

Discussions regarding the expected contributions of each individual paper are provided in their respective empirical chapters, but this work seeks to make broader scholarly and pracademic contributions as well. Most importantly, this work seeks to improve understandings of participation in a field in which it is rarely studied – institutional philanthropy. The body of knowledge on participatory strategies in formal government institutions and nonprofits is

growing (see literatures on Collaborative Governance and Deliberative Democracy), but the application of this research to philanthropic foundations has not kept pace. Significant scholarly work has been recently dedicated to understanding participatory approaches in government, like participatory budgeting (Bateman, 2019; Ewens & van der Voet, 2019). This is important work, but the key distinction is that governmental institutions are directly accountable to their citizen participants, while philanthropic foundations have no such accountability.

Additionally, much of what is known about participation in philanthropy focuses either on donor participation in arrangements like giving circles (Eikenberry, 2006; 2009), collective giving networks (Gugerty & Husted, 2019), or participation in public grant-making organizations (Gibson, 2017; Ostrander, 1997) – giving arrangements that are fundamentally dissimilar from the private foundation's legal form and have distinct accountability structures to their external stakeholders. By understanding the ways in which large private philanthropic foundations engage their stakeholders in their governance and grant-making, we can better understand whether and how this traditionally hegemonic institution has heeded demands for more transparent and accessible governance and what potential exists in terms of increasing the porosity of these institutions.

Future Research Directions

The findings presented here invite a wealth of future research on participation in philanthropy. A central scholarly task going forward must be to obtain longitudinal data on the landscape of participatory approaches that foundations utilize along with on-going data on the organizational attributes of these foundations to characterize the evolution of participatory practices in this field. As Chapter 4 discusses, the popular demand for more inclusive governance processes, in both public and private realms, is one of many changes in these fields; chief among

them is the increasing diversity of identities represented in these spaces. On-going research can increase understandings of whether and how these trends are related and, therefore, help build the argument for the necessity of diversity, inclusion, and representation.

It would also be valuable going forward to better characterize organizational context in private foundations, including the giving ethos by which the foundation operates, the degree of centralization of decision-making authority, and the nature of the relationships between the foundation and its grantees. Much of the publicly accessible contextual data on foundations comes from IRS tax filings and the foundation's curated online presence. As a result, we are limited in terms of what we can objectively learn about these recondite organizations, especially factors that may legitimately drive the adoption and utilization of participatory approaches.

Giving ethos is an oft-cited driver of power-sharing with stakeholders in public grant-making charities, like the Haymarket Fund, the Grassroots Fund, and the Disability Rights Fund. But two things are true of these organizations that are not true of most private foundations: (1) there is significant body of case research on these grant-making public charities and (2) these organizations are extraordinarily publicly transparent about both their model of giving and their reflections on how their process of giving supports that ethos. Attempting to impute an ideology of giving from private foundation websites and mission statements is complicated by the tremendous amount of linguistic similarity in how foundations describe their missions, visions, and process. Nevertheless, a fruitful avenue of research would be to obtain more comprehensive measure of a foundation's giving ethos either through discourse analysis of online content or through qualitative interviews. This line of research could also contribute to understandings of how foundations see their accountability to their grantees and to the communities they aim to serve.

Ultimately, each of the relationships explored in this dissertation would benefit from qualitative follow-up research, including semi-structured interviews and in-person observation. There are several potential mediators and moderators between the explanatory variables and participatory outcomes that cannot be effectively measured because existing quantitative data simply does not support it. Chapters 3 and 4 especially aim to explore theoretical mechanisms linking descriptive representation to participatory outcomes, and there is some correlative evidence to support aspects of that theoretical mechanism but making causal claims about this mechanism will require more process-oriented research. Fortunately, as participatory methods gain traction in the private foundation community, opportunities continue emerge among practitioner communities to conduct observational research on what the process of incorporating participatory approaches looks like and what happens within the organization to either facilitate or impede this transition.

The research presented in this dissertation is merely a first step at understanding this important governance phenomenon in an understudied context of philanthropic foundations. But, as this body of knowledge grows, it will become clearer whether stakeholder participation represents a meaningful attempt at power-sharing in the field and how to support foundations that are interested in incorporating these practices into the existing governance and grant-making.

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Chapter 2. Assessing Philanthropic Foundation Tendencies Towards Voluntary Failure: A Discrete Choice Experiment

Abstract

Philanthropic foundations in the United States have long been criticized for their lack of transparency and accountability to the public or, more specifically, the communities they seek to serve (Reich, 2018; Callahan, 2017). While foundations are seen as contributing to the public good, remedying lapses in funding from markets and government (Ahn, 2007), foundations are also subject to voluntary failures – insufficiency, amateurism, particularism, and paternalism (Salamon, 1987). This study focuses on the latter two tendencies. Paternalism and particularism manifest in foundations' tendency to privilege more professionalized, rationalized organizations in their giving, which may lead to changes in the nonprofit ecosystem favoring instrumental rather than expressive nonprofit aims. But as new participatory models of philanthropy that aim to redistribute power permeate the field, questions remain about the extent to which foundations value stakeholder participation as compared with attributes that have historically been seen as indicators of organizational effectiveness (professionalization and rationalization). This study utilizes a discrete choice experiment of leaders of 125 of America's largest private and community foundations to better understand how stakeholder participation ranks in the pantheon of organizational giving priorities. Somewhat contrary to expectations, in aggregate, foundations express valuing stakeholder participation more than both rationalization and professionalization attributes in their grantees, but disaggregated analysis reveals that more highly valued stakeholder participation attributes do not actually share power with stakeholders. Despite these findings, reported rates of funding grantee's stakeholder participation efforts remain relatively low. These findings suggest that, while foundations clearly see value in funding grantees that create space for stakeholder participation in governance and grant-making, much of this engagement is superficial at this point.

> "This, then, is held to be the duty of the man of Wealth: First, to set an example of modest, unostentatious living, shunning display or extravagance; to provide moderately for the legitimate wants of those dependent upon him; and after doing so to consider all surplus revenues which come to him simply as trust funds, which he is called upon to administer, and strictly bound as a matter of duty to administer in the manner which, in his judgment, is best calculated to produce the most beneficial results for the community—the man of wealth thus becoming the mere agent and trustee for his poorer brethren, bringing to their service his superior wisdom, experience, and ability to administer, doing for them better than they would or could do for themselves."
>
> Andrew Carnegie, The Gospel of Wealth

Introduction

Institutional philanthropy in the United States presents a conundrum of governance. On the one hand, large philanthropic foundations provide billions of dollars per year to critical human and social services, to support and preserve the arts and humanities, and to fuel advocacy around policy issues (Hammack & Anheier, 2013; Suárez, 2012; Aksartova, 2003). In 2021 alone, foundations dispersed $88.5 billion dollars towards charitable causes and nonprofit organizations. While foundation giving is not the major source of revenue for most nonprofit organizations (Pratt & Aanestad, 2020), foundation support is crucial in building and sustaining nonprofit ecosystems - a $3.7 trillion industry (Candid, 2021). One nonprofit development professional at a large social services nonprofit in the Pacific Northwest describes the power of foundation funding in nonprofit budgeting to fill gaps left by other sources' failure to cover indirect costs or to fully reimburse costs in a timely manner (Boris, De Leon, Roeger, & Nikolova, 2010),

> *"At our organization, we are 70-80% publicly funded. The private funding might seem like less impactful or less critical, but it actually far outweighs its percentage in the budget because it plugs the holes."*[3]

[3] This quotation is from a study that explores nonprofit responses to COVID-19 in Washington state (Finchum-Mason, Gugerty, & Barnhart-Mills, 2021). This excerpt reflects a conversation regarding the overall nature of the nonprofit funding system and was not strictly related to the changes to that system observed because of the COVID-19 pandemic. This quotation has been edited for clarity.

Foundation funding can address the immediate financial needs nonprofits face in volatile funding environments (Sandfort, 2008), confer legitimacy upon certain organizations (Willems, Waldner, & Vogel, 2019; Suárez, 2012), build organizational fields (Hammack & Smith, 2018), and increase nonprofits' attractiveness to other funders (Faulk, Willems, McGuinness Johnson, & Stewart, 2016).

On the other hand, concerns have long circulated about the immense amount of power that foundations hold, coupled with the lack of accountability that accompanies this generously tax-subsidized exercise of individual choice (Reich, 2018; Callahan, 2017; Roelofs, 2003). Furthermore, philanthropic foundations, which are part of the civil society ecosystem in the U.S, are not immune from voluntary failure (Salamon, 1987) – namely, tendencies towards paternalism, particularism, amateurism, and insufficiency. These traits can be summarized as follows: The nonprofit sector often deploys resources that are not sufficient to address the magnitude of social problems they seek to solve (philanthropic insufficiency), utilizes naïve approaches to deeply-rooted societal challenges (philanthropic amateurism), and carries out this work in ways that privilege particular communities over others (philanthropic particularism) while keeping decision-making power in the hands of the resource-holders (philanthropic paternalism).

With foundations, the linkage is indirect, but the concerns remain; foundations require nonprofits to carry out social work (Hammack & Anheier, 2013), but, as private organizations, foundations are free to disperse resources in any way their management sees fit with limited formal accountability to the public or the communities they serve (Reich, 2018). Foundations are also subject to their own form of contract failure in that they – like governments - purchase goods and services for other individuals to consume, and services that they may internally

evaluate with a different lens than their beneficiaries. The quote that opens this chapter – from Andrew Carnegie's (1889) *The Gospel of Wealth* - is emblematic of the ethos with which institutional philanthropy began in this United States and with which, some argue, it continues to operate (Saunders-Hastings, 2019).

Rather than being strictly theoretical, these concerns about institutional philanthropy are mirrored in patterns of public trust. The 2022 Independent Sector survey regarding public trust in nonprofits and philanthropy reports that an estimated 21% of individuals indicate that they have low trust in institutional philanthropy and 34% indicate high trust in philanthropy (in contrast, 11% indicated low trust in nonprofits, 56% indicated high trust). The main reported reasons for declining public trust include perceptions of mismanagement and concerns about the extremely wealthy acting in the interests of notoriety rather than in the public interest. All this matters because, again, most foundations (apart from operating foundations, which constitutes just 6.7% of the 500 largest foundations in America by total assets (Foundation Database Online, 2018)), cannot do their work without other individuals and organizations. If the foundation wants to make social change in ways that reflect the actual needs of those they seek to serve, they need others to cosign their vision or, at least, pretend to do so.

Foundations create impact in the world around them in several ways. Grant-making is key vehicle by which foundations define the nature of social problems and determine what they perceive to be the optimal means of solving them. The earliest American foundations – The Rockefeller Foundation and the Carnegie Corporation of New York – used the newly-minted model of "scientific philanthropy" to essentially create public institutions in public health, global health, education, and literacy – a legacy that continues today with new benefactors like Bill & Melinda Gates Foundation (Birn & Fee, 2013). Foundations have also historically funded the

generation and dissemination of knowledge by making grants to institutions of higher education, professors, researchers, and think tanks (Roelofs, 2003, Fisher, 1983). Importantly, not all large foundations have such lofty national and international agendas, nor the billions and trillions of dollars necessary to meaningfully execute those agendas, but all institutional philanthropy comes with a point of view about who needs, a perspective on what works and what matters – this is particularism and paternalism in action. Through their grant-making and their capacity building functions, foundations reveal their preferences about what the policy problem is and what solutions are most appropriate – an exercise of power that, some argue, can become hegemonic (Roelofs, 2003, 2007), undemocratic (Reich, 2018), and paternalistic (Saunders-Hastings, 2019).

A specific manifestation of the paternalistic tendencies occurs when philanthropic foundations privilege professionalization and rationalization in their governance and grant-making. *Professionalization* is the trend towards reliance of expertise in organizational governance, often undergirded by the expectation of efficiency (Hwang & Powell, 2009; Edwards, 1998). In a similar vein, *rationalization* is characterized by the adoption of formal rules and procedures in planning, evaluation, and other aspects of management, again, often with the goal of efficiency (Hwang & Powell, 2009). The thread that ties these paternalistic tendencies toward professionalization and rationalization together is a neoliberal logic that there is a "best approach" to social problem-solving through access to expertise or individual choice, rather than through reforming the institutions that create and sustain social problems. This logic of effectiveness and impact (Eikenberry & Mirabella, 2018) that often privileges outcomes over process. Nevertheless, selecting grantees that are run strategically and by professionals – in other words, choosing effective grantees - are often seen as means of maximizing the social value of each foundation dollar (Postner & Kramer, 1999).

In terms of their internal strategy, institutional philanthropy's concerns for professionalization and rationalization may have arisen from accountability pressures introduced by government regulation and public skepticism about the roles that foundations play in democratic society (Frumkin, 1998). But, historically, the organizational logic of effectiveness has pervaded institutional philanthropy since the 1913 inception of the Rockefeller Foundation, which attempted to transform the triage/alms-giving approach of charity into systematic interventions (Zunz, 2014; Fisher, 1983). While the particulars of the logic have mutated over the years, the underlying ideas endure. Venture philanthropy (VP), for example, began to take hold in the late 1980-early 1990s with an emphasis on seeding organizations to create innovative solutions to trenchant social problems (Letts, Ryan, & Grossman, 1997) and was popularly implemented in the fields of public education and biotechnology. As Scott (2009) notes, the application of VP in education reform served to institutionalize market-based, managerial approaches. More recently, *strategic philanthropy* and *effective altruism* have enjoyed increased popularity, promoting targeted, data-driven interventions with formalized, rigorous evaluation mechanisms (MacAskill, 2015; Kania, Kramer, & Russell, 2014). A more recent take on systematic social intervention is social *impact investing*, where donors invest assets in ways that either (a) aim to maximize both pecuniary and social gain or (b) that emphasize social gain with a more flexible emphasis on pecuniary gain (Mission Investors Exchange, 2018). The dominant organizational logic, evident across these giving approaches, privileges of certain types of knowledge and informational signals and focuses on maximizing the impact of each grant-making dollar.

But the pervasiveness of these organizational logics is also a function of institutional isomorphism (DiMaggio & Powell, 1991), implying that the decision to adopt such a logic is not

necessarily based on rational expectations. The focus on effectiveness and what presumably leads to it are taken for granted. The expectations that nonprofit grantees should work in ways that are consistent with an organizational logic of effectiveness becomes a source of coercive pressure with the potential to influence how nonprofit grantees do social change work (Arvidson & Linde, 2021). Foundations need not adopt these ideologies wholesale, rather they can exemplify logics of effectiveness to varying degrees.

Across literatures, there are examples of how logics of effectiveness play out in foundation governance and grant-making. In their study of foundation responses to welfare reform policies throughout the 1990s, Mosley and Galaskiewicz (2014) find that foundations were more likely to fund endeavors geared toward social innovation than funding service provision. Foundation support has historically exerted a professionalizing force, tempering social movements that began as "radical" and fundamentally changing their trajectories (Jenkins, 1983; Aksartova, 2003; Silver, 2004; Roelofs, 2007; Jenkins, et al., 2017; Francis, 2019). Public education reform efforts continue to be impacted by the dominant logics of wealthy benefactors seeking to solve educational inequity and many foundations have been successful in shifting the education reform discourse to reflect market-type ideologies (Baltodano, 2017; Scott, 2015; Reckhow & Snyder, 2014; Tompkins-Stange, 2016; Reckhow, 2013; Ball & Junemann, 2012; Scott, 2009). To be sure, there is nothing inherently wrong in wanting philanthropic dollars to make the greatest possible impact, especially considering the scale of the societal challenges we face today. Two issues arise here though: (1) the "right" lever for creating social change is often assumed to reside in the same processes that generated the foundation's wealth and (2) the dominant logic of social change on which many private foundations operate often refuses to engage with the structural antecedents of inequity.

Managerial expectations are complicated by the fact that nonprofits embody both instrumental and expressive roles in public life (Mosley, 20202; Frumkin, 2002). Nonprofits exist as much to convey values about the surrounding world (their expressive functions) as to provide social goods and services (their instrumental functions). Organizational professionalization and rationalization activate nonprofits' instrumental roles, creating new tasks for already time-constrained nonprofit workers (Benjamin & Campbell, 2015), perpetuating the "nonprofit starvation cycle" (Goggins Gregory & Howard, 2009), and introducing conflicting institutional logics (Lu, 2015). Nonprofits' expressive functions - reflecting the values, experiences, and understandings of their beneficiaries - requires a distinct set of competencies apart from professional expertise, formal evaluation, and strategic planning. Pressures to adopt more managerial structures introduce a disparate organizational logic and, thus, jeopardizes the more expressive, community-driven organizational functions. The lean towards professionalization, Kohl-Arenas (2017) argues, reproduces "watered down narratives and ideologically compromised program frameworks [that] ultimately generate consent within unchanged hegemonic institutions." The focus of this study is the concern that when foundations exert preferences for more professionalized, rationalized grantees – grantees that are expected to adhere to a logic of effectiveness – it may be to the detriment of grantees that grounded in and representative of (often marginalized) communities. Expectations associated with funding tend to privilege more professionalized and rationalized organizations (Hwang & Powell, 2009; Suárez & Gugerty, 2016; Suárez & Lee, 2011). Increased emphasis on expertise through the process of professionalization risks privileging more "scientific" or "objective" modes of thinking in contrast with the tacit understandings that "street level" personnel can obtain, interpret, and utilize as they engage and serve their beneficiaries (Sandfort, 2008). Over time, in

response to increased competition for funding, grantee nonprofits become more professionalized and rationalized, which drives out grassroots voluntary organizations and threatens nonprofits' ability to represent the interests of those they serve (Dolšak & Prakash, 2021; Hwang & Powell, 2009).

Scholars have raised questions about how funding impacts nonprofit mission orientation and the interventions the use to address social problems (Suárez & Lee, 2011; Lipsky & Smith, 2009), as well as the extent to which funding comes to affect the landscape of nonprofit organizations acting in a particular field (DiMaggio, 1991; Moody, 2008). In the long term, foundation preferences toward more professionalized and rationalized grantees may come to shape the ecology of nonprofit sector in ways the make it more difficult to address structural inequity. The core of this problem is that foundations are not merely financiers of the public good, but are institutions, shaping theory and practice, defining social problems, and reifying or dismantling existing power dynamics (Hammack & Anheier, 2010). As institutions, philanthropic foundations have the power to shape nonprofit organizational fields, or the cognizable spheres of public life in which they are situated (Wooten & Hoffman, 2008). Nonprofit organizations and philanthropic foundations co-exist in these fields, comprising the civic sphere and – in the United States – the social safety net. By virtue of their resource abundance and nonprofit dependence on those resources, foundations can exert isomorphic pressures leading to homogenization and corporatization of the nonprofit sector (DiMaggio & Powell, 1983; DiMaggio & Powell, 1991; Wooten & Hoffman, 2016), which can have long-lasting impacts on nonprofit survival and, thus, the social interventions that gain legitimacy. Nonprofits competing for coveted foundation resources are under both coercive and normative pressures to adopt strategies that appeal to foundation leaders. Coupled with the secular trend of

centralization that Robert Michels characterizes as the "iron law of oligarchy", nonprofit organizations situated in a field characterized by a logic of effectiveness are at risk of becoming more bureaucratic and, therefore, less representative of their constituents over time.

Scholars and philanthropic practitioners alike have taken exception to the dominant logics of the field and the features of decision-making in institutional philanthropy that reproduce these logics. The most salient challenge to large philanthropic foundations is their lack of representative capacity - institutional philanthropy is predominantly led and staffed by white elites, raising questions about the extent to which foundations actively represent the voices of the communities served at any point in decision-making processes and whether logics under which institutional philanthropy operates reflect the needs and lived experiences of the beneficiaries of charitable giving (Ahn, 2007; Villanueva, 2018).

Many of the fiercest critics of philanthropic decision-making come from inside the philanthropic community. Some criticize the slow and incremental approach of foundations, specifically with regards to the need to intellectualize social problems. In this vein, Crystal Hayling - the Executive Director of the Libra Foundation – remarked in a 2020 panel discussion at Harvard University's Kennedy School on the role of philanthropy in modern society, "foundations have a bias for learning, they need to have a bias for action." There is a push for foundations to stop intellectualizing and engage with those who experience the social challenges the foundation seeks to solve. Hayling has also stressed the importance of lived experience in informing foundation strategy,

> *"It is also stepping into that belief that people who have lived experience actually have the knowledge for how to move forward in society. How to build the society that we are all going to want to live in." (Dalberg, Philanthropy CA, Council on Foundations, 2020)*

Other critics of institutional philanthropy have argued that the foundations represent the new face of colonialism, calling for a move "...beyond mere representation, to access to power and ownership" (Villanueva, 2018). Far from breaking down the barriers to such power and ownership, Kohl-Arenas (2017) argues that the processes at play in philanthropic foundations merely work to reify power disparities under the guise of beneficence.

Some foundations and public charities have heeded these concerns and devolved their decision-making practices to include beneficiaries in various ways. This approach focuses on power dynamics embedded in the *process* of giving, rather than its outcomes alone. Participatory grant-making practices and purposeful stakeholder inclusion have gained traction in the philanthropic community, but mainly among small foundations and public charities (Gibson, 2017). New England's Haymarket People's Fund was one of the earliest examples of a grant-making public charity with a considerably large endowment conferring decision-making authority in the grant-making process upon individuals from the grassroots social movement organizations (SMOs) that they funded (Ostrander, 1997). More recently, one of the largest and most prominent of American philanthropic institutions, The Ford Foundation, funded research to better understand how participatory grant-making methods are currently employed in the philanthropic community (Cardona, 2020). Some practitioners argue that this strategy serves the purpose of further intellectualizing and forestalls meaningful power-sharing with external stakeholders. Questions also remain regarding whether and how large private and community foundations in the United States have institutionalized this new logic of stakeholder participation and whether it has supplanted the logic of effectiveness that ostensibly characterizes many foundations' approaches to giving.

The increasing popularity of participatory methods and stakeholder engagement comes as a growing body of evidence suggests that fostering meaningful stakeholder participation can lead to more equitable outcomes. Nonprofits working closest to beneficiaries have a unique opportunity to listen to and elevate their concerns and interests as well as to foster social capital (Boris & Maronick, 2012). Social psychology further informs our understanding of the mechanisms by which stakeholder participation can create change at the individual level. Christens, Speer, and Peterson (2011) find that meaningful community participation creates psychological empowerment, which gives individuals a sense of agency over their environment (Zimmerman, 1995). Indeed, recent experimental research has corroborated these relationships, showing the power of social network participation in influencing the propensity of the individual to take civic action (Bond et al., 2012). Levitt Cea and Jess Rimington (2017) find that specific forms of stakeholder participation in nonprofits - namely, sharing power, cultivating a relational approach, and "designing with the beneficiary" – can lead to sustainable social innovation to tackle deeply-rooted social issues.

Given the potential that stakeholder participation practices hold, it is critical to understand whether and how foundations support that work in their grantees, relative to other grantee attributes. This study addresses two key questions:

(1) *How do large private and community foundations value stakeholder participation in their grantees as compared with professionalization and rationalization?*

(2) *How do large private and community foundations value stakeholder participation strategies that cede decision-making power to stakeholders as compared with more consultative strategies?*

Much of the current large-N work on foundations looks at foundation spending (mostly in terms of dollars granted to various organizations using data from the Foundation Database

Online) (Aksartova, 2003); the remainder is predominantly historical case analysis (Francis, 2019; Fisher, 1983, 1986). This is understandable given how difficult it is to conduct primary data from foundations as research subjects because, as Hammack & Smith (2018) remark, philanthropic foundations tend to enjoy their autonomy. While this body of research has been critically important in contextualizing the roles that foundations play and understanding how foundations have shaped organizational fields, it can be difficult to impute what motivates foundations prospectively from this work. Finally, the focus on where money goes cannot address the question of how the work gets done – of whether foundations value doing *for* others or *with* others. This work aims to contribute to current understandings of decision-making in philanthropic foundations by experimentally determining which attributes foundations prefer in their grantees. Specifically, this study uses a discrete choice experiment to assess the relative value foundations place on grantee professionalization, rationalization, and stakeholder participation. By understanding relative valuations of these attributes, we can better predict how foundations will allocate grant dollars, especially in the face of growing calls for the democratization of the field (Gibson, 2017). This work also hopes to contribute to the emerging scholarly literature on participatory philanthropy, specifically as it pertains to America's largest private and community foundations.

The central argument of this study is that voluntary failure in philanthropic foundations – namely, particularistic and paternalistic tendencies – threaten to impact the nonprofit ecosystem by sustaining organizations of a managerial nature and crowding out approaches that privilege more democratic and inclusive modes of nonprofit governance. In the following section, I define each of these constructs, elaborate the proposed theoretical mechanisms at play, and provide the state of current research on these relationships. This review of literature is then used to develop a

series of theoretical expectations regarding the relative value that foundations place upon nonprofits' managerial attributes versus their stakeholder participation attributes. I go on to describe the data and methods used to assess these questions and provide descriptive statistics for the sample of foundations. Findings from the discrete choice experiment, along with descriptive findings on actual reported funding for grantee stakeholder participation, are discussed along with limitations and suggestions for future research.

Theoretical Framework & Expectations

Voluntary Failure and Stakeholder Participation in Philanthropic Foundations

Salamon's (1987) concept of *voluntary failure* is instructive in considering not only how nongovernmental organizations exert influence in their work, but the consequences of a decentralized nonprofit ecosystem that American society relies on for basic social goods and services. The central focus of Salamon's theory was on the relationship between government and service-providing nonprofits and the observation of a thriving American nonprofit sector. Nonprofits were previously theorized to exist to fill the gaps left by failures of markets and government to adequately address citizen needs. But, he argues, it is a mistake to assert that markets, government, and the voluntary sector provide an exhaustive means of meeting people's needs. The voluntary sector is characterized by its own pitfalls – insufficiency, amateurism, particularism, and paternalism - which challenge the perspective that the voluntary sector essentially picks up where government and markets leave off. While it was not developed to describe philanthropic foundation roles in civil society, the voluntary failures framework can inform our understanding of why institutional philanthropy fails to challenge the power inequities at the root of major societal challenges.

Philanthropic insufficiency reflects the fact that, despite being an important provider of public goods and services, the voluntary sector simply does not have the resources to address the scale of societal challenges we face. This is particularly true of philanthropic foundations. Foundation giving represented roughly 19% of total giving in 2020 (Giving USA, 2021). Foundation giving has been steadily increasing over the past two decades, but still only represents 0.45% of the US gross domestic product (Dubbs, 2021). This study takes for granted that private foundations' current annual payouts are not capable of solving the direst social problems outright. But insufficiency should not be confused with insignificance, or that foundation resources cannot exert tremendous influence on the ways in which nonprofits approach their work. Foundation funding fills gaps left by other funding sources such as government grants and contracts and can be more flexible in terms of supporting innovation. While the insufficiency critique is well taken, it need not frustrate our conception of foundations as necessary social actors that hold the power to shape governance, policy, and organizational ecosystems (Hammack & Anheier, 2010, 2013).

Amateurism reflects the idea that service-delivering voluntary organizations often execute their purposes without subject-area expertise, usually as measured by the presence of paid and credentialed staff. Concerns about philanthropic amateurism primarily reflect the nonprofit sector's ability to provide necessary social and human services in an efficient way. An example of philanthropic amateurism would be a nonprofit mental health organization that failed to employ properly trained professionals to provide client services. The implications of amateurism are much less clear for philanthropic foundations, but it does raise normative questions about whether foundations, which generally have a broader mission than service-providing nonprofits, benefit from a preponderance of professional staff in terms of their ability

to achieve their missions. Philanthropic foundations vary in the extent to which they employ paid, credentialed staff relative to their primary giving areas with some high-profile foundations relying on specialized staff with considerable experience in their fields (the Ford Foundation is a prime example of this), but other large philanthropic foundations may be operated by the initial donor's family or network connections, irrespective of professional training. Amateurism need not be seen as a problem in terms of the foundation's capacity to pursue its mission because many of these missions are extremely broad and aim to tackle deeply entrenched social problems, like poverty, income inequality, and educational inequity at different geographic scales. It is unclear whether professionally credentialed staff are more effective in executing strategies to tackle these problems, or whether more intellectualized strategies would crowd out the perspectives of individuals with greater proximity to those social problems. For this reason, this study considers amateurism only as it fuels the third and fourth types of voluntary failure: particularism and paternalism.

Particularism and paternalism reflect how the foundation defines social problems and who the foundation believes to be the target population for interventions. Particularism highlights the tendency of voluntary organizations to focus their efforts on individuals, organizations, or communities that they deem deserving. Paternalism reflects the idea that voluntary organizations hold power to make decisions *for* their beneficiaries, including determining what interventions are in beneficiaries' best interests (Hall, 2013; Salamon, 1987). One way in which particularism shows up in the target beneficiaries that foundations choose to prioritize (e.g., children and youth, women and girls, the spotted bush warbler). While there are notable instances of foundations deprioritizing specific groups of peoples, like the LGBTQ+ community (Magnus, 2002), I argue that particularism can also manifest in terms of the attributes

of their grantees as well. For example, a foundation that prioritizes nonprofits that demonstrate strategic planning capacity through logic models exhibits philanthropic particularism. This attribute is also an example of how paternalism plays out in the context of foundations. Underlying grantee requirements, such as logic modeling or budgeting, is the notion that these tools are important indicators of effectiveness in producing social goods and services.

Foundations also demonstrate paternalistic tendencies by selecting grantees based on evaluative criteria that are not necessarily transparent. Some foundations impose onerous program design and reporting requirements on grantees – requiring them to substantiate their impact according to measures of success defined by the foundation, which may not reflect what nonprofits need to do their work well (Goggins Gregory & Howard, 2009). Emblematic of foundation paternalism is the debate over programmatic funding versus unrestricted funding, which was amplified by the COVID-19 pandemic. Many foundations provide support for specific programs or projects that are time- and/or purpose-restricted. To obtain that funding, nonprofits must either conduct programming that is aligned with the funder's priorities, to develop programming that aligns, or to employ talented development staff who can "sell" existing programs and projects in ways that align with funder priorities. Restricted funding not only puts additional pressure on grantees to conform to funder expectations but can also induce financial volatility when the grant cycle ends. Unrestricted funding, on the other hand, allows grantees flexibility to expend resources as the work requires (Shaker & Wiepking, 2021). Foundations justify program funding as a matter of accountability, ensuring that grantees directly utilize funds to aid those in need. Program funding functions as a litmus test that determines whether the grantees priorities align with the foundation's priorities; the foundation's priorities serve as the decision-rule.

The specific example of foundation particularism/paternalism on which this study will focus is the preference towards grantees that are more professionalized and rationalized. As described in the Introduction, professionalization is characterized by the shift from volunteer staff to credentialed staff (Suárez & Esparza, 2017; Hwang & Powell, 2009), which privileges professional expertise over grassroots knowledge. Rationalization involves the adoption of formalized modes of governance and operations, such as strategic planning and program evaluation, with the goal of establishing credibility (DiMaggio & Powell, 1983) and making organizational operations more efficient (Hwang & Powell, 2009). Although professionalization and rationalization are associated with notions of organizational effectiveness and efficiency, they often diffuse across organizations for reasons not centrally related to their objective value but rather because they have become an accepted norm of practice (DiMaggio & Powell, 1991).

Existing research suggests that philanthropic foundations have played a distinct role in the professionalization and rationalization of the nonprofit sector. Ebrahim (2009) argues that nonprofit funders, including foundations, impose professional/technocratic (measuring performance and demonstrating outcomes) and strategic/adaptive accountability (demonstrating strategic approach to mission-related work) frameworks to minimize uncertainty and maximize the social return on investment. Carman (2009) showed that while foundations differ significantly in their approach to grantee accountability, many large philanthropic foundations expect nonprofit grantees to monitor and report outcomes associated with the grant. The means by which foundations hold nonprofits accountable for social ends is not inherently problematic but does create tension when the outcomes are decided upon externally and fail to acknowledge the complexities of many societal challenges. More to the point of the current study, the imposition of these "accountability regimes" (Ebrahim, 2009) is time and resource intensive for

many nonprofits; requires nonprofits to have technocratic, professional, and strategic competencies to continue to successfully obtain funds from these institutions; and tends to discourage innovation and risk-taking. These accountability regimes give primacy to the funder-grantee (funder-contractor) relationship, but the relationship is characterized by contract failure as the purchaser (funder) is not the end-user. Where the end-user (more specifically, the philanthropic beneficiary) has no power to modulate the receipt of goods and services in accordance with their own preferences. This lack of beneficiary autonomy is the heart of the issue of [benevolent] paternalism (Saunders-Hastings, 2019).

Stakeholder participation is a suite of innovations that upends normative accountability frameworks, placing the beneficiary at the center of the accountability relationship. Stakeholder participation theoretically opposes particularistic and paternalistic tendencies – like preferences for professional and rationalized grantees – because it values a fundamentally different type of knowledge – expertise is a function of lived experience rather than professional knowledge or technocratic accountability (Parks, 2021). Importantly, stakeholder participation need not be at odds with professionalization and rationalization, but many foundations view these approaches as incompatible with their existing strategies and are therefore reticent to engage in them to any degree (Gibson, 2019). Because professionalization and rationalization privilege expert modes of thinking and the corporatization of the nonprofit sector, these trends are thought to counteract tendencies to engage external stakeholders in participatory processes (Parks, 2021).

The sum of this evidence suggests that large philanthropic foundations should exhibit preferences that more aligned with an outcomes-focused logic of effectiveness, rather than logics that center the perspectives of beneficiaries. Thus, this study hypothesizes that:

Hypothesis 1: Philanthropic foundations will express higher relative value to attributes of professionalization and rationalization in their potential grantees as compared with stakeholder participation attributes.

Conceptualizing Stakeholder Participation in Philanthropic Foundations

Stakeholder participation is not a monolith, but rather takes on an array of different forms with varying degrees of power-sharing between parties (Arnstein, 1969; Gibson, 2017). Different levels of participation confer different degrees of autonomy upon beneficiaries, which has distinct implications for foundation governance and grant-making processes. This paper explores whether and how foundations' preferences change as a function of the level of decision-making authority that grantees give their beneficiaries. Research Question 2 asks how the degree of beneficiary authority in the grantee's stakeholder participation activities influences how the foundation values those activities relative to managerial attributes like professionalization and rationalization.

Drawing on theories of representation and participation in international development (Arnstein, 1969; Chambers, 1997); public administration and governance (Fung, 2006; Nabatchi & Leighninger, 2015; International Association of Public Participation, n.d), and philanthropy (Gibson, 2017), Husted, Finchum-Mason, and Suárez (2021) conceptualized funding for grantee stakeholder participation in the three dimensions illustrated in Figure 4: which stakeholders participate in foundation governance and grant-making, in what processes these stakeholders are called upon to participate, and to what extent those stakeholders have power to dictate governance and grant-making outcome.

Who (i.e., which stakeholders) grantees engage in their governance and grant-making processes (for organizations who regrant) holds implications for the voices and lived experiences that are allowed to influence the process. For a grantee nonprofit to engage peer nonprofits and

community-based organizations, for instance, may have materially different results than if the grantee was to directly engage their beneficiaries or members of the public. This work is predominantly focused on grantees' beneficiary participation, which we operationalized in the survey as "the community members served by the grantee"[4].

The processes in which stakeholders can be engaged cover all aspects of nonprofit governance and grant-making (for re-granting nonprofits), but we limit the selection to four processes to minimize the size of the question matrices (and therefore both cognitive load and survey attrition):

1. Formulating organizational priorities
2. The grantee's grant-making processes
3. Who the grantee funds
4. Post-grant evaluation.

The stakeholder can also have varying levels of influence (or authority) over the outcome of the process, which we capture in the third dimension. This dimension essentially measures the degree of power-sharing in the relationship between grantee and beneficiary. In a *consultative* capacity, stakeholders provide feedback (via surveys or in focus groups) without an assurance that this feedback will come to influence the decisions made through any process. In an *involvement* capacity, there is bilateral communication between the grantee and their stakeholders such that feedback influences decision-making to some extent. An example of involvement strategies might feature beneficiary working groups that generate recommendations for the grantee, which will be decided upon by the grantee's staff or leadership. In a *decision-*

[4] We take care to avoid the term "beneficiary" in the survey as there is some conflict in the field of human services regarding this terminology that we did not want to influence the responses to the survey. Some practitioners maintain that "client" is a more appropriate term, but there is debate on this point.

making capacity, the grantee cedes decision-making power on aspects of governance and grant-making to the stakeholders that are affected by those decisions. Disability Rights Fund (a public foundation) provides a useful example of this type of engagement, where the Fund itself consists of beneficiary-led boards that deliberate on and make final funding decisions (Gibson, 2017).

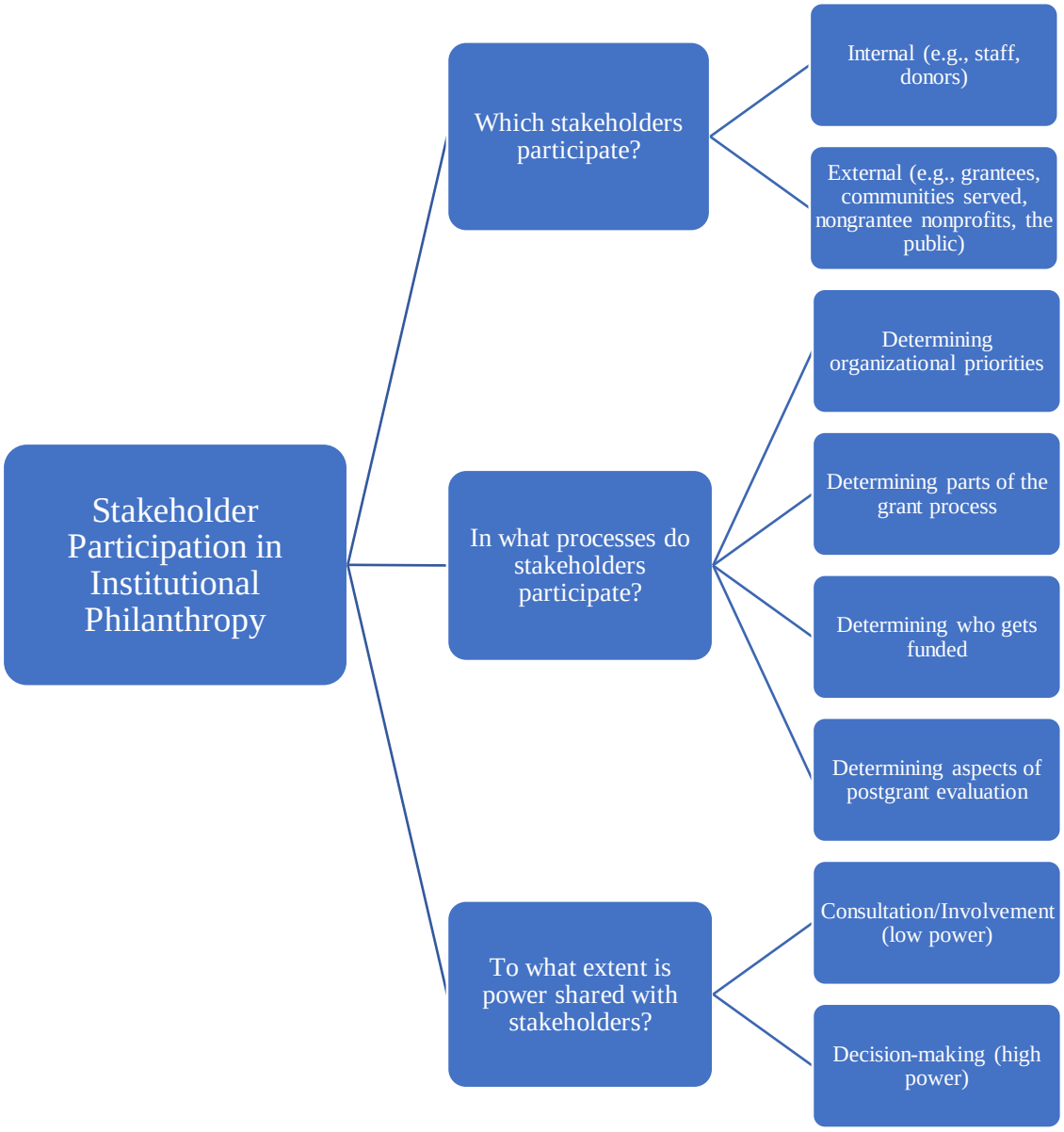

Figure 4. Conceptual Framework for Stakeholder Participation in Institutional Philanthropy (Husted, Finchum-Mason, & Suárez, 2021)

There are several reasons why foundations should prefer participation strategies with a lower degree of power-sharing with stakeholders, such as consultative or involvement-type stakeholder participation, compared to fully ceding decision-making power. Chief among them is the paternalistic emphasis on professionalization and rationalization. Stakeholder consultation and involvement are defined by unilateral flows of information; the foundation or their grantees are under no obligation to act on that information. In other words, stakeholders have no power to coerce decision-making under these forms of participation and foundations retain the power to act in accordance with their own internal frameworks. Consultation and involvement pose less of a threat to existing accountability frameworks and, indeed, grantees' stakeholder consultation can also be viewed as a low-cost accountability measure that also appears to value the perspectives of beneficiaries. Stakeholder participation approaches with low power-sharing give foundations the best of both worlds.

Further, private foundations have no legal obligation to cede power to external stakeholders, but the Internal Revenue Service's stipulations for private foundation grant-making do indicate an obligation to apply due diligence to pre-grant inquiry, the distribution of funds for exempt purposes, and the on-going assessment of grants made (Internal Revenue Service, 2022). Previous work suggests that some foundations may be extremely sensitive to these requirements, especially since the federal government began regulating private foundations in earnest via the Tax Reform Act of 1969 (Frumkin, 1998). Importantly, though, the Internal Revenue Service's guidelines for private foundations are extremely vague, offering no specific prescriptions as to how the foundation ought to adhere to pre-grant inquiry and grant monitoring requirements. Public concerns about foundation iniquity, including notoriety-seeking and self-dealing also remain a salient concern even today (Independent Sector, 2022). For these reasons, even if large

private and community foundations are more inclined to engage stakeholders in participatory governance, they might be reticent to fully devolve decision-making authority for fear that their tax-exempt status might be jeopardized.

Finally, stakeholder participation approaches that cede decision-making power are more time and resource intensive than those that consult or involve external stakeholders; they require foundations to build trust with the communities that they serve (Smith, 2018). This can be challenging for foundations that have never operated in this way (Gibson, 2019). In response to this challenge, some foundations may prioritize stakeholder participation that keeps control in the hands of the foundation. There is evidence of foundation interest in moving to more democratized models of philanthropy, especially after the events of 2020. A 2020 report by The Dalberg Group, Philanthropy California, and the Council on Foundations revealed that, while foundations expressed interest in adopting an equity-focus in the wake of the COVID-19 pandemic and the racial reckoning following George Floyd's murder, one of the key unresolved challenges foundations faced was building trusting relationships and working partnerships in communities, specifically communities of color. Given these impediments to meaningful power-sharing with communities, this study hypothesizes that*:*

> *Hypothesis 2: Foundations will value grantee's stakeholder participation with high power-sharing (devolving decision-making authority to beneficiaries) less than they value stakeholder participation with low power-sharing (consulting beneficiaries).*

Data & Methods

Data

Data used for this study come from a survey of a sample of the 500 largest philanthropic foundations in the United States (by total assets in 2018, downloaded from the Foundation Database Online). This survey was distributed via email between May and December 2020 to

foundation personnel at 489 foundations[5] including executive directors, chief officers, and managers with a high-level understanding of the foundation's operations and grant-making. Prior to survey distribution, an initial outreach email was sent to foundation personnel specifying the general subject matter of the survey as "stakeholder engagement in governance and grant-making", indicating that we would be sending the survey soon, and requesting the outreach email to be redirected to appropriate staff if necessary. The research team followed up with foundation officials via email at least three times each over the course of the survey window and reached out via telephone for foundations that lacked web presence. For foundations that were particularly difficult to identify via existing web resources, the research team identified key staff using LinkedIn and reached out to these individuals using LinkedIn messages on an as-needed basis. At the time of survey closure in December 2020, 148 foundations responded to the survey yielding a response rate of 30.3%.

The survey contained several modules pertaining to basic organizational characteristics (board size, board composition, degree of involvement of founding donor, staff size), stakeholder engagement efforts carried out directly through the foundation, stakeholder participation efforts funded in grantee nonprofits, relative preferences for grantee attributes (the present experiment), benefits and challenges of stakeholder participation, and foundation perspectives on evaluating stakeholder participation. For the sections that ask about stakeholder participation conducted internally or funded in grantees' work, question matrices were operationalized based on the Conceptual Framework for Stakeholder Participation in Philanthropic Foundations in Figure 4.

It is important to acknowledge that survey distribution began at the outset of the COVID-19 crisis and data collection continued through the protests for racial justice sparked by police

[5] Eleven foundations were removed from the sample of 500 due to transitions in organizational form and mergers with other organizations that occurred between 2018 and early 2020.

brutality against communities of color. With many foundation professionals working from home and conducting business remotely, it is possible that the pandemic facilitated survey completion for some respondents (in fact, one correspondence with a survey respondent indicated this was the case). However, there may be some selection bias in the responses deriving from the pressure that foundations faced to respond to the emergent crises and their desire to demonstrate value during this tumultuous time.

Table 1**Error! Reference source not found.** highlights some of the major differences between foundations in the sample and those in the sampling frame. Foundations that responded to the survey tend to be more publicly transparent[6] (mean transparency index = 3.4, SD = 1.49) relative to the sampling frame (mean transparency index = 2.3, SD = 1.48), which may upwardly bias the estimates of the relative valuation of stakeholder participation. Additionally, 18.4% of respondent foundations in this analytic sample primarily give to human services as compared with 9.9% of foundations in the broader sampling frame. This may also increase the likelihood of foundations reporting greater relative value towards stakeholder participation and greater engagement in stakeholder participation efforts. Respondent foundations are like the sampling frame in terms of administrative expense ratio (a measure of organizational professionalization) as well as total assets, indicating that human and financial capacity should be roughly similar.

[6] Transparency in this case is a sum of features that convey information about the foundation's governance to the public, including posting annual reports and financial documents to their websites, participating in online charity ratings/evaluation platforms like GuideStar and GlassPockets, and participating in social media.

Table 1. Summary of respondent foundations versus sampling frame

	Respondent Foundations	**Sampling Frame**
N	125	364
Transparency Index (Sum of Features)	3.400 (1.486)	2.313 (1.476)
Professionalization (Administrative Ratio)	0.259 (0.186)	0.251 (0.251)
Human services are primary giving area	18.40%	9.89%
Total assets (2018, FDO)	$1,072,913,787.11 ($1,952,528,630.57)	$1,032,735,163.41 ($2,593,638,321.17)

Experimental Design

To quantify foundation preferences, this study uses a discrete choice experiment in the form of Case 2 Best-Worst Scaling (BWS) embedded within the above-described survey. BWS assesses respondent priorities among a set of attributes (Wittenberg, et al., 2016), by presenting respondents with a series of item profiles that have K attributes each with L_k levels and asking them to assess which are best and worst (Aizaki & Fogarty, 2019; Flynn & Marley, 2014). In this case, foundation leaders and respondents were presented with four profiles, each representing the traits of a potential grantee nonprofit, one by one. Foundations were asked to indicate which of three grantee attributes their foundation would find most attractive to fund and which they would find least attractive to fund. The order of question-set appearance as well as the order of response items were randomized for each respondent.

To minimize cognitive load, item nonresponse, and survey attrition, it was necessary to limit this module to four questions. Therefore, each of the three theoretically relevant nonprofit attributes – professionalization, rationalization, and stakeholder participation – were

operationalized in two levels. Because BWS methods require each possible comparison between attribute levels to generate a full preference hierarchy for each participant, I exclude all foundations that have ***any*** missing values for this section of the survey. Three of the 148 respondents indicated that their foundations did not make grants to charitable nonprofits and were excluded automatically from the sample. Twelve foundations elected not to respond to any of the questions in this section and eight organizations had patterns of nonresponse indicating that they either missed one of the question matrices by mistake or misunderstood how to answer the questions. This leaves a final analytic sample of 125 foundations. Nonrespondents were split evenly between the low and high stakeholder engagement conditions.

Measures reflecting the logic of effectiveness are aspects of managerial culture, or attributes and practices thought to increase the impact of an organization. *Professionalization* is operationalized at the "high" level as a grantee having a preponderance of credentialed staff, where the "low" level is a grantee nonprofit comprised mostly of volunteer staff. *Rationalization* is the adoption of bureaucratic procedures and management tools, like strategic planning and positivist evaluation strategies (Hwang & Powell, 2009; Suárez & Gugerty, 2016). The "high" rationalization condition is defined as the use of logic modeling to conduct quantitative evaluations, where the "low" rationalization condition is evaluating programs informally and qualitatively.

Up until this point, this study has utilized the language of stakeholder participation, because that is a more direct expression of the construct of interest. However, the research team made an informed decision to avoid using the term "participation" in the survey as we suspected it might prime respondents, induce social desirability biases in the responses, or cause some foundations to avoid opening the survey at all. The remainder of the Methods and Findings

section utilizes the language of "stakeholder engagement", consistent with how the constructs were conveyed to respondents. Respondents only see one condition related to their potential grantee's stakeholder engagement and are randomly assigned to see either the "high stakeholder engagement (High-SE)" version or the "low stakeholder engagement (Low-SE)" version. High-SE is defined as the grantee including beneficiaries in decision-making processes, while Low-SE is defined as the grantee surveying beneficiaries for feedback. The general structure of this module is summarized in Table 2, although the order of questions and answer choices were randomized for all respondents.

Table 2. Best-Worst Scaling Questionnaire Design

	Condition 1: Low stakeholder Engagement (Low-SE)	Condition 2: High stakeholder engagement (High-SE)
Set 1	The grantee surveys beneficiaries to obtain feedback regarding the organization's programs.	The grantee regularly includes beneficiaries in decision-making processes.
	The grantee is predominantly staffed by volunteers from the community. **(Low professionalization)**	
	The grantee regularly evaluates program efficacy using logic modeling. **(High rationalization)**	
Set 2	The grantee surveys beneficiaries to obtain feedback regarding the organization's programs.	The grantee regularly includes beneficiaries in decision-making processes.
	The grantee is predominantly staffed by volunteers from the community. **(Low professionalization)**	
	The grantee informally evaluates their programs in a qualitative way. **(Low rationalization)**	
Set 3	The grantee surveys beneficiaries to obtain feedback regarding the organization's programs.	The grantee regularly includes beneficiaries in decision-making processes.
	Many of the grantee's staff have advanced degrees relevant to their work. **(High professionalization)**	
	The grantee regularly evaluates program efficacy using logic modeling. **(High rationalization)**	
Set 4	The grantee surveys beneficiaries to obtain feedback regarding the organization's programs.	The grantee regularly includes beneficiaries in decision-making processes.
	Many of the grantee's staff have advanced degrees relevant to their work. **(High professionalization)**	
	The grantee informally evaluates their programs in a qualitative way. **(Low rationalization)**	

Analytic Strategy

One approach to summarizing respondents' preferences across attribute levels in Best-Works Scaling experiments is the best-minus-worst score ($BWS_{i,n}$). However, the BWS score is skewed when each respondent does not see each attribute the same number of times. Thus, per Aizaki & Fogarty (2019), the standardized best-minus-worst score for each respondent is calculated according to Equation 1, where $B_{i,n}$ is the number of times the foundation respondent reports a specific attribute-level as "most attractive", $W_{i,n}$ is the number of times they report that attribute-level as "least attractive", and the frequency f_i is the number of times that the respondent actually sees the attribute-level i across all four questions in the series.

Equation 1. Standardized BWS Score

$$std.BW_{i,n} = \frac{B_{i,n} - W_{i,n}}{f_i}$$

Based on the experimental design in **Error! Reference source not found.**, each foundation respondent sees one attribute-level for stakeholder engagement, low and high attribute-levels for professionalization, and low and high levels for rationalization, which creates a total of five attribute-levels per respondent. Essentially, this quantifies the average ranking of foundations' relative preferences for grantee attributes. Standardized BWS score values range between -1.0 (always least preferred) and +1.0 (always most preferred). Confidence intervals ($\alpha = 0.05$) were generated using bootstrapped standard errors with 1,000 replications (consistent with the BWS analysis used by Wittenberg, et al. 2016).

Findings

Descriptive Statistics by Assignment to Experimental Condition

Table 3 below presents the distribution of foundation characteristic in each of the randomly assigned conditions; the experimental groups are balanced in terms of most observed covariates with a few notable exceptions. The high stakeholder engagement group contains more community foundations (26.1%) as compared with the low stakeholder engagement group (18.3%). Extant literature suggests that, as place-based organizations, community foundations have a unique understanding of the specific conditions facing the constituents they serve (Mazany & Perry, 2015), which, if true, could bias the average preference values for stakeholder engagement upward in the High-SE group. Additionally, the Low-SE group has slightly fewer staff overall. Finally, there is some geographic disparity between the groups, where the Low-SE groups has a greater proportion of respondents from the Northwest and Southwest and the High-SE group has greater proportion of foundations from the Midwest. Viewing geography as a proxy for political leanings, with coastal regions leaning towards a more progressive ideology, these differences might suggest that we would see downward bias for stakeholder engagement preference in the High-SE group.

Table 3. Respondent Characteristics by Experimental Group

	Low stakeholder engagement condition (n_{low} = 60)	**High stakeholder engagement condition (n_{high} = 65)**	**Overall (N = 125)**
Type of foundation			
Private	81.6%	73.8%	77.6%
Community	18.3%	26.1%	22.4%
Staff size			
No staff	1.7%	1.5%	1.6%
5 or fewer	8.3%	12.3%	10.4%
6-10	16.07%	13.8%	15.2%
11-20	21.7%	18.5%	20.0%
21-30	15.0%	15.4%	15.2%
31-40	11.7%	9.2%	10.4%
41 or more	25.0%	29.2%	27.2%
Geography			
Midwest	26.7%	35.4%	31.2%
Northwest	25.0%	16.9%	20.8%
Northeast	8.3%	12.3%	10.4%
Southwest	13.3%	10.8%	12.0%
West	23.7%	24.6%	25.6%
Mean transparency index (SD)	3.97 (1.78)	4.05 (1.90)	4.01 (1.83)
Mean total assets (SD)	$1,080,649,129 ($1,970,463,714)	$1,065,773,472 ($1,951,144,803)	$1,072,913,787 ($1,952,528,631)

Aggregate Foundation Preferences for Grantee Attributes

Figure 5 provides a visual representation of the average standardized best-minus-worst scores for each grantee attribute over the entire sample. In aggregate, a key finding is that grantee stakeholder engagement ($std.BWS_{SE} = +0.442, SE = 0.045$) is significantly more preferred relative to both high ($std.BWS_{HR} = +0.232,\ SE = 0.057$) and low ($std.BWS_{LR} =$

$+ 0.212,\ SE\ =\ 0.056$) levels of organizational rationalization at the 95% level of confidence. Further, stakeholder engagement attributes are statistically significantly preferred relative to both high ($std.BWS_{HP} = -0.652,\ SE\ =\ 0.050$) and low ($std.BWS_{LP} = -0.676,\ SE\ =$ 0.049) levels of professionalization as measured by whether or not the grantee's staff is credentialed (volunteers in the low professionalization level versus credentialed staff in the high professionalization condition) – a difference that is qualitatively large. In fact, contrary to expectations, professionalization attributes were preferred far less than grantee stakeholder engagement or level of rationalization. In fact, the negative BW scores indicate that foundation staff ranked staff credentialing as "least attractive" far more often than it was ranked "most attractive". Average differences between high/low rationalization and separately between high/low professionalization attributes were not statistically significant at any accepted level of confidence.

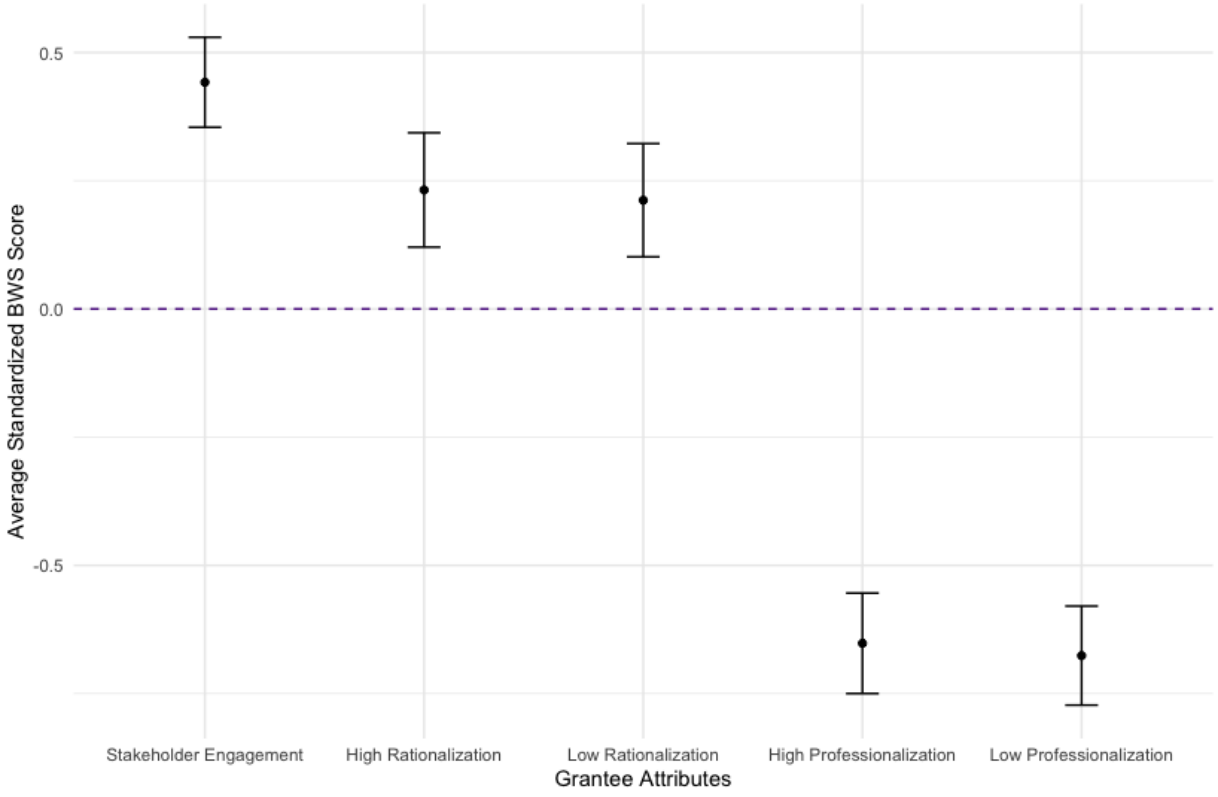

Figure 5. Foundation preferences for grantee attributes (N = 125)

Foundation Preferences for Stakeholder Engagement by Level of Power-Sharing

Research Question 2 explored differences in preferences stemming from the level of power-sharing in grantees' stakeholder engagement practices. Figure 6 below highlights differences observed between treatment conditions. The findings are largely consistent with the aggregate findings above in terms of overall preference ordering over attributes, but with two important differences. First, the foundations' average valuation of stakeholder engagement decreases as the level of power-sharing involved between grantee and beneficiary increases. Foundations in the High-SE ($std.BWS_{High-SE} = +0.346, SE = 0.068$) condition had a lower average standardized BWS score than foundations in the Low-SE condition ($std.BWS_{Low-SE} = +0.546, SE = 0.054$). Those who saw the lower level of stakeholder engagement reportedly

preferred grantees surveying beneficiaries to obtain feedback more than measures of professionalization and rationalization at both levels, but foundations that saw the higher level of engagement, where the grantee regularly includes beneficiaries in decision-making processes, preferred this attribute about as often as they preferred evaluation by logic model ($std.BWS_{HR-High-SE} = +0.331, SE = 0.079$). In fact, estimates of expressed preference of high power-sharing in stakeholder engagement and both levels of rationalization are statistically indistinguishable from one another at the 95% level of confidence. Thus, on average, foundations assigned to this condition preferred stakeholder engagement and high levels of rationalization equally. Both professionalization conditions remain relatively unpopular among the tested attributes, as demonstrated by the persistent, negative standardized BWS scores.

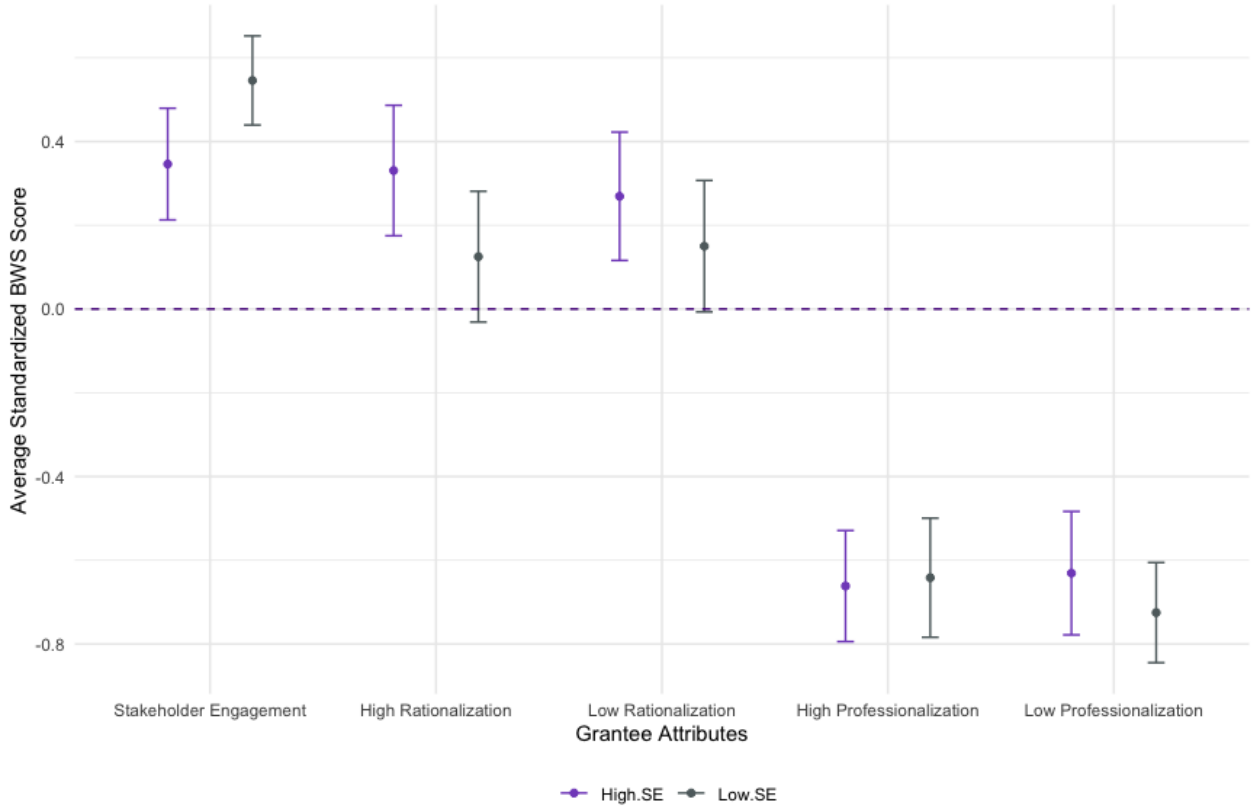

Figure 6.Foundation preferences for grantee attributes by level of stakeholder engagement

Discussion

This study first asked how foundations' preferences for stakeholder participation compared to their preferences for measures of managerialism in their grantees, with the expectation that foundations particularistic and paternalistic tendencies will privilege managerial attributes, like professionalization and rationalization, over stakeholder participation in their grantees (Hypothesis 1). Looking at the entire sample, this expectation was not supported. Rather, large philanthropic foundations express that grantees' stakeholder participation efforts are preferred relative to both rationalization and professionalization attributes on average. Moreover, even lower levels of rationalization, like use of more qualitative evaluation mechanisms, were preferred over high and low levels of professionalization. On average, foundations were statistically indifferent between high and low levels of professionalization and high and low levels of rationalization. Taken together, this finding suggests external stakeholder participation has become a priority for large philanthropic foundations, at least in principle.

Measures of professionalization were consistently ranked as the least attractive grantee attribute in comparison with both rationalization and stakeholder participation. There are several potential explanations for this finding. The first is that content expertise is not necessarily a priority for foundations. From a cost-effectiveness perspective, content expertise is expensive, and the expense can be considered indirect, which many foundations shy away from covering. Findings on foundations' valuation of professionalization can also be a function of the question's structure. The question set in Table 2 was built around a construct of traditional professionalism (assuming the credential was relevant to the grantee's work), rather than managerial professionalism. Managerial professionals utilize business-like practices emphasizing efficiency (Hwang & Powell, 2009). In the nonprofit sphere, managerial professionals can include

specialized staff like development professionals, whose job function involves successfully marketing the nonprofit's work to funders (philanthropic foundations included). Executives can serve a similar function, taking on the bulk of fundraising, especially in smaller nonprofits. Whether or not it is a conscious realization, foundations are likely to prefer grantees that can successfully demonstrate how their work is aligned to the foundation's interests, therefore, the relative value that the foundation places on professionalization may not be fully measured by how this question was operationalized in this study.

Despite these expressed preferences, foundation funding for grantee stakeholder participation remains low. Figure 7 shows the actual reported levels of grantees' stakeholder participation that foundations report funding, disaggregated by process and degree of power-sharing with stakeholders. Any grant-making foundation (all foundations in the present sample) completed the module regarding grantee's organizational priorities, but only foundations that indicated that they regranted (n = 89) saw items related to grant-making – percentages reflect these denominators, respectively. Reported levels of funding for grantee stakeholder participation are low across the board. The most funded stakeholder participation strategy was grantee's solicitation of feedback from beneficiaries regarding funding decisions and less than 35% of foundations reported doing this between 2018 and 2020. Notably, consistent with Hypothesis 2, reported funding for grantee stakeholder participation generally decreases as stakeholder's decision-making authority increases. This trend is somewhat blurred between the consultative level and the involvement level. In terms of processes in which beneficiaries are reportedly engaged, grantee's funding decisions are most often funded in each discrete level of power-sharing. Funding for grantees' conferring decision-making authority upon their

stakeholders (also known as participatory grant-making) is extremely low, less than 15% of foundations report supporting these activities.

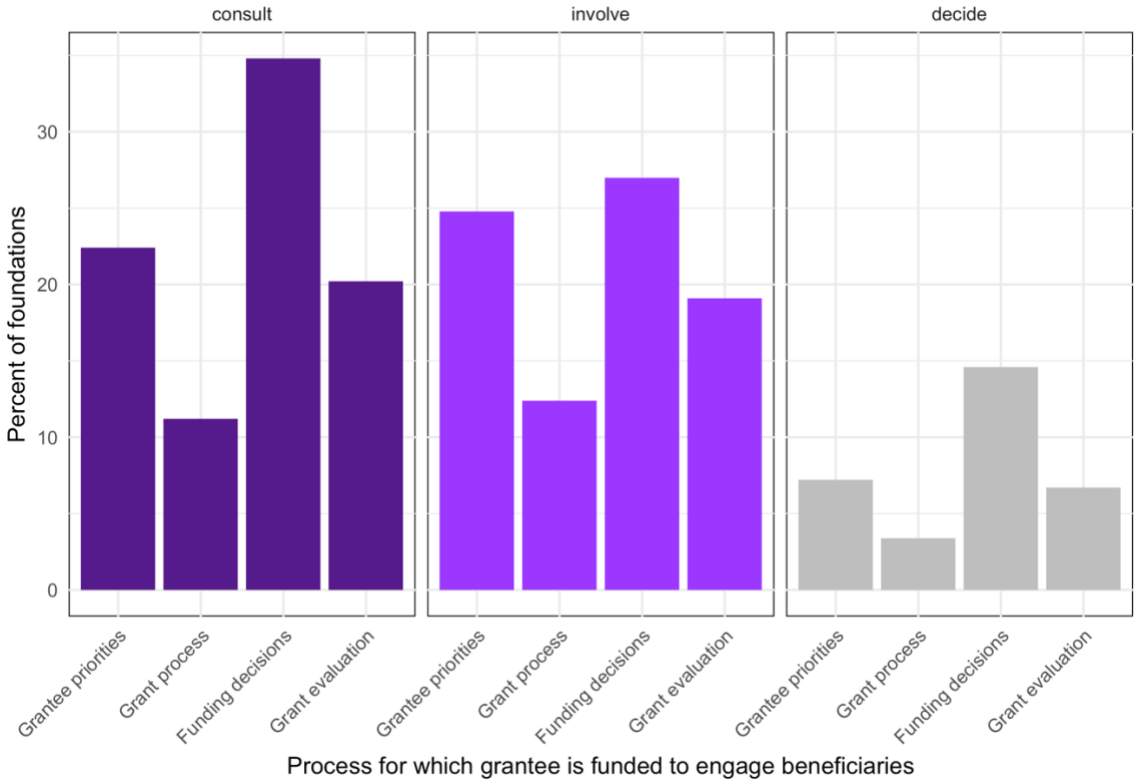

Figure 7. Percentage of foundations that report funding grantees' stakeholder participation efforts by process and degree of power-sharing (Husted, Finchum-Mason, & Suárez, 2021)

One explanation for this asymmetry is the lack of internal agreement between leadership and the board. Because stakeholder engagement practices have been gaining traction in the philanthropic community over the past years, the foundation leaders who answered the survey may be approaching the question from with an aspiration for the foundation to share power with beneficiaries – a logic that may conflict with that of the governing boards who traditionally retain the final word on grant-making decisions. One foundation leader's response to the question "What are the major challenges to funding grantee stakeholder engagement?" supports this potential explanation,

> *"[Getting the] Board / trustee [to] buy-in to the value of the process [is a challenge]. They are not super inclined to view this as a power-sharing approach, [but] simply a data-gathering approach for them to be better informed but still hold the power."*

This misalignment in logics *within* the foundation suggests program staff and leaders may approach the enterprise of grant-making with a more progressive, community-driven logic as compared with the (generally more affluent and less diverse) governing board. Further analysis should explore how governance arrangements within the foundation – including the relative power that leaders and staff have in decision-making – affects the asymmetry between expressed and revealed preferences for grantees' stakeholder participation efforts.

Research Question 2 asked how the relative valuation of managerialism to stakeholder participation changed as the degree of power-sharing between grantee and beneficiary increased. These findings offer some support the hypothesis that the relative valuation of stakeholder participation decreases as a function of increased power-sharing between grantee and stakeholder, further reifying the observed decreases in support for stakeholder participation illustrated in Figure 7. Importantly, as the level of stakeholder authority in the grantee's stakeholder engagement practices increases, the relative preference over rationalization attributes decreases to the point where the foundations are, on average, indifferent between the two. In other words, for grantees regularly involving stakeholders in organizational decision-making processes is, on average, preferred almost equally to grantees engaging in rigorous, rationalized evaluation processes.

On average, foundations indicate that the relative value of stakeholder participation with low levels of power-sharing (consultation/involvement) is greater than the relative value of stakeholder engagement with high power-sharing. One way to interpret this finding is that stakeholder participation without meaningful power-sharing serves as a way for foundations to

"talk the talk" of democratization and transparency, without necessarily altering their practices accordingly or ceding power to direct their resources. Foundations may view ceding power to this extent as too risky or not aligned with their internal strategy. Preferences for grantee stakeholder consultation could also be seen as a way for the foundation to preserve existing professional/technocratic accountability frameworks, while also acknowledging the value that external stakeholders bring to social change work. Whether foundations' comfortability with and support for their grantees' stakeholder power-sharing increases, especially, as the pressure to democratize giving persists, remains to be seen.

Additionally, grantee stakeholder participation that involved sharing decision-making power with beneficiaries was statistically equally preferred relative to measures of rationalization – both of which were operationalized as approaches to evaluation. This finding offers some support for the idea that foundations do, indeed, have strong preferences for this aspect of managerialism in their grantees, but the preference is simply not as strong as it was hypothesized to be. This finding is interesting in the sense that it indicates either a coexistence of organizational logics – one that recognizes and honors the importance of beneficiary perspectives, and another that imposes paternalistic logics of effectiveness – or that stakeholder participation has become another means of enacting a logic of effectiveness. Indeed, when asked what factors motivated their funding of stakeholder engagement, nearly 87% of foundations in this sample indicated that it promoted innovative solutions to social challenges and 76% indicated that it leads to more effective grant-making (Husted, Finchum-Mason, & Suárez, 2021). Taken together, these findings suggest that the logics of effectiveness and outcomes-orientation are likely still a driving force at play in institutional philanthropy. More qualitative case research is needed to understand exactly what types of grantee stakeholder participation

practices foundations fund, what motivates this support, and how the foundation reconciles the need for grantees accountability to the foundation with its own accountability to the communities it serves.

The fact that stakeholder engagement is consistent ranked as the "most attractive" grantee attribute relative to the measures of managerialism does suggest a sea change in institutional philanthropy, but where we are in that process of change remains unknown. The public pressure on philanthropic foundations that has emerged in the past years to open decision-making processes that had previously been closed off to beneficiaries and the public may finally be forcing large philanthropic foundations to reevaluate their approaches (Bennett et al., 2021). But some philanthropic practitioners are skeptical, noting that much of the stakeholder participation that occurs is ceremonial, rather than systematic (Twerksy, Buchanan, & Threlfall, 2013). Others have noted that foundations openly acknowledge the value of stakeholder participation, but that the processes are time-consuming, and it is assumed that nonprofits can do the work more efficiently without devolving power to stakeholders (Gibson, 2019). That the vast majority of foundations do not support their grantees stakeholder participation efforts in practice (see Figure 7) further supports this interpretation. Because the data used in this study is cross-sectional, these results cannot speak to changes in the field over time, but they do provide a useful starting point in understanding what the landscape of stakeholder participation looks like in institutional philanthropy. Future research is needed to understand how these preferences change over time, whether we are currently witnessing the institutionalization of stakeholder participation in this field, and whether foundations' support for meaningful power-sharing efforts between grantees and beneficiaries will increase over time in response to ambient social pressure. One important task along these lines will be to document grant-making among these foundations in the long

term as well as to conduct a second round of survey research and qualitative interviews with the foundations in this sample.

Limitations

There are notable limitations to this work. As briefly discussed in the Methods section, selection bias in survey response is the most salient limitation in this study. The research team made every effort to reach out to all the foundations in the sampling frame multiple times and through multiple different channels and to utilize language in the survey that avoided priming respondents to the nature of the outcomes being studied. Instead of "stakeholder participation", we used terms like "stakeholder engagement" and provided concrete examples of the various types and levels of engagement. Despite these measures, the survey was still delivered during a global pandemic and uprisings for racial justice – a time in which individual bandwidth for nonessential activities was very limited. Voluntary organizations were inundated with demands during this period. We cannot rule out the possibility that (a) some foundations who would have otherwise answered the survey were unable to due to competing demands on time or that (b) the foundations that answered the survey are inherently more likely to value public transparency, to value stakeholder participation, to do this type of work in the foundation's governance and grant-making, and to fund this type of work in their grantees. We know that responding foundations had higher levels of transparency (posting financials, annual reports, and 990s on their websites; participating in GuideStar ratings systems and GlassPockets) than nonresponding foundations (see **Error! Reference source not found.**). Ultimately, these differences would likely bias the estimates of relative valuation as well as the incidence of funding grantee stakeholder participation efforts upward, or that stakeholder participation would perhaps not be highly valued by foundations in the broader sampling universe.

Another key challenge with this experiment and the survey context in which it was embedded is the limitation on the number of attribute dimensions that can be tested. Realistically, there are several manifestations of professionalization, rationalization, and stakeholder participation that might resonate differently with foundations at different points in time (recognizing that professionalization and rationalization are trends that change over time), thus resulting in a different value ranking than the one observed. Relatedly, there are other attributes that speak to a logic of effectiveness or an outcomes-focus that foundations might value more than the tested attributes; grantee innovation is one example. Philanthropic movements like effective altruism (MacAskill, 2016) and strategic philanthropy (Kania, Kramer, & Russell, 2014) fixate on innovation for social change. The discursive focus is still how to generate cost-effective results, but the means of achieving that end are somewhat unique. Had this discrete choice experiment operationalized the logic of effectiveness in terms of innovation, the preference orderings may have been different.

Another major challenge with this type of survey research is that it captures the foundation leaders' views at this single moment in time. The first implication of this is that the foundation leader's perspectives are assumed to be reflective of the organization's perspectives – a concern of organizational research more broadly. Another implication is temporality; philanthropy – and the nonprofit sector more generally – go through phases. Different approaches to grant-making for social impact are popular in the field at any given point in time (i.e., venture philanthropy, place-based philanthropy, strategic philanthropy, effective altruism). The fact that we are currently situated in a moment in which equity and democratization are extremely salient may have impacted the foundations leaders' responses in this study. Rather than a limitation of this work, it suggests that a potentially fruitful next step in this research is to

examine these foundations' grant-making over the next several years to see how, if at all, giving practices changed, particularly as the political and social dimensions of American life continue to change.

Conclusion

This study ultimately sought to understand the logics underlying foundation decision-making in one of their key domains of influence – grant-making. Using the lens of voluntary failure (Salamon, 1987), I argue that foundations are subject to the same voluntary failures that characterize the rest of the sector, namely insufficiency, amateurism, particularism, and (most importantly) paternalism. Paternalism manifests in many ways through foundation work – through determining what causes and interventions are legitimate, by structuring the conditions of funding, or, most problematically, in foundation preferences for the attributes of their grantees. Operating under a logic of effectiveness, foundation work fixates on achieving outcomes efficiently. The problem with this logic is not only that outcomes are difficult to measure (and certainly not widely agreed upon) in the context of intractable societal challenges, but also that they often do not accurately represent the perspectives and lived experiences of beneficiaries. Instead, privileging more professionalized and rationalized grantees centers "expert" perspectives, potentially to the detriment of stakeholder participation and representation (Dolšak & Prakash, 2021; Parks, 2021). The tension between paternalistic tendencies toward managerialism (professionalization and rationalization) and the growing push to democratize giving practices is concerning from the practical standpoint that external stakeholders, like the communities that foundations seek to serve, have important perspectives that can improve that can improve the outcomes of foundation giving (Twersky, Buchanan, & Threlfall, 2013). But

these paternalistic tendencies are also a moral concern, reducing funding recipients' autonomy (Arvidson & Linde, 2021; Saunders-Hastings, 2019).

While the results of this discrete choice experiment do not suggest that the expressed funding preferences of foundations are entirely dominated by the logic of effectiveness, manifested in relative preferences for professionalization and rationalization, it does appear that vestiges of this logic remain. Philanthropic foundation leaders report valuing grantees' stakeholder participation more than nonprofit professionalization and rationalization, but the effect seems to decrease as the level of power-sharing increases. This suggests that institutional philanthropy has not abandoned the logic of effectiveness, but rather, it may have shifted in form. Foundations acknowledge that engaging stakeholders through consultation stands to increase the effectiveness of their giving but are more reticent to devolve power to external stakeholders.

These findings contribute to broader discussions in the field of philanthropy about the importance of inclusion and equity in institutional philanthropy. These are values that many social change organizations, including many large foundations, have espoused in recent years, but it remains unclear what it looks like for foundations to operate in accordance with these principles (Dalberg, Philanthropy CA, & Council on Foundations, 2020). In the wake of the COVID-19 crisis and the fight for racial justice, nonprofit and philanthropic association leaders continue to call for changes to the deeply engrained financial practices of the voluntary sector, including who (which organizations) gets funded and what the grantor-grantee dynamics looks like (LeClair, 2021). While these findings do not suggest that large philanthropic foundations are fully prepared to heed that call to action by ceding decision-making authority or supporting their grantees in doing so, they do suggest that foundation leadership has embraced the concept of

stakeholder participation to a certain degree. These findings are encouraging from the perspective that the societal challenges we currently face are becoming increasingly complex and boundary-spanning. The only way philanthropic foundations can address this complexity is to work collaboratively with and become more embedded in the communities they serve (Allen-Meares, Gant, & Shanks, 2011; Sirianni, 2009) – funding stakeholder participation is one powerful way in which foundations can accomplish these goals.

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Chapter 3. How do Program Staff Matter? Program Staff Characteristics & Participatory Philanthropy in U.S. Foundations

Abstract

Philanthropic foundations are simultaneously lauded for their contributions to the public good and criticized for their lack of transparency and accountability, their undemocratic nature, and their lack of representative capacity relative to the communities they serve. These attributes raise concerns about whether foundations can truly act in the interests of those they purport to serve. Recently, philanthropic actors have begun to use participatory methods that share power by delegating decision-making authority to external stakeholders such as grantees, community-based organizations, program beneficiaries, and even members of the public more broadly. This study explores one theorized driver of participatory approaches to philanthropy – the characteristics of the foundation's program staff. Program staff with diverse lived experiences and professional socialization are argued to influence the strategies that foundations adopt in its governance and grant-making by infusing traditionally exclusionary processes with new norms and values. I examine this relationship using data from a national survey of the largest private and community foundations in the United States. Key findings suggest that the racial diversity of a foundation's program staff is associated with the propensity to utilize participatory methods, but not the extent of use of participatory philanthropic methods. Foundations predominantly staffed by elites tend to use participatory philanthropic methods both less and to a lesser extent than those staffed by non-elites. And, finally, a greater proportion of business-oriented staff was associated with the propensity to use participatory approaches, but not the number of participatory activities foundations use. Further qualitative analysis supports the idea that program staff with diverse identities bring distinct values to their work; namely, foundations with greater racial diversity tend to report that their stakeholder participation efforts are motivated by the desire to share power with beneficiaries, compared to less diverse foundations, which more often report being motivated by effectiveness. These findings provide preliminary evidence regarding how representation matters in foundation strategy in governance and grant-making.

Introduction

Philanthropic foundations have long been criticized for their undemocratic nature and "black box" decision-making (Fleishman, 2007; Reich, 2016, 2018; Callahan, 2017; Giridharadas, 2018). These criticisms are amplified by the fact that many philanthropic foundations have historically been led and are currently staffed by predominantly white elites, raising questions about the values and perspectives that are represented in the foundation's approach to their work (Hall, 2006; O'Connor, 2010; Hall, 2013; Kohl-Arenas, 2017; Villanueva, 2018). Nevertheless, these institutions hold significant power to define social problems and steer policy implementation to solve those problems (Roelofs, 2003; Prewitt, 2006). When foundations define problems and create strategies for addressing them without the input of individuals with lived experience, there is concern that the foundations work will be unresponsive to community needs, ineffective in solving deeply entrenched problems, and – in the worst case – actively harmful to those served (Ahn, 2007; Enright & Bourns, 2010; Bourns, 2010).

Participatory philanthropy emerged nearly half a century ago in response to the misalignment between philanthropic foundations and those they aim to serve. Participatory philanthropy is a suite of approaches to philanthropic governance and giving that emphasize community inclusion in foundation decision-making with the ultimate goal of creating trusting, collaborative relationships in the service of social change (Bourns, 2010). Community inclusion can take a variety of different forms; some foundations solicit input on internal decisions, whereas other foundations share power with their stakeholders by delegating decision-making authority (Gibson, 2017). The defining thread of ideal-type stakeholder participation is the resource-holder sharing power with the individuals most strongly affected by the foundation's

work or the communities that the foundation seeks to help, including the nonprofit grantees and members of the target community.

Equity and democratic inclusion are at the center of the participatory philanthropy ethos. Some foundations and public charities engage external stakeholders as a matter of procedural justice, involving stakeholders because it is "the right thing to do" (Capek & Mead, 2006). Others express a far more instrumental view of stakeholder participation, emphasizing that these methods are innovative and can make grant-making more effective (Enright & Bourns, 2010). Nonprofit grantees and the communities that they serve have unique and valuable perspectives that can help foundations understand the intractable social challenges they aim to solve (Enright & Bourns, 2010; Bourns, 2010; Gibson, 2017). The shared perspective between these two views is that, for participation to meaningfully affect outcomes, power must be shared between the foundation and its stakeholders (Gibson, 2017). For these power-sharing dynamics to take root, foundations must dedicate significant time and capacity to building trust with the community (Wong & McGrath, 2020; Gibson, 2019; Smith, 2018).

While participatory philanthropy's popularity has only gained widespread public attention since 2012, a few organizations embraced this approach much earlier. Almost all the empirical evidence regarding participatory philanthropy (and more specifically, participatory grant-making) focuses on grant-making public charities. Boston's Haymarket People's Fund, for instance, was one of the first organizations to make stakeholder participation a constitutive part of their giving practice and have been delegating decision-making to their beneficiaries since 1974 (Ostrander, 1997). In contrast to many foundations' closed recruitment models of board member selection (McGuiness, 2012), Haymarket's central decision-making board is composed of community organizers and leaders who volunteer to make grant-making decisions. Other

grant-makers, such as the Disability Rights Fund (DRF), were formed under the decision-making principle "nothing about us without us". DRF is also staffed by community activists, specifically individuals with disabilities, who set the fund's advocacy agenda, determine annual grant-making priorities, and make final funding decisions. By contrast, there is very little existing evidence on the participatory practices utilized by large private and community foundations in the United States and the studies that do exist are primarily descriptive (Husted, Finchum-Mason, & Suárez, 2021; Gibson, 2017).

While many existing cases studies on participatory philanthropy center on foundations that take the approach to its logical extreme, less is known about foundations whose methods reside somewhere on the spectrum between excluding external stakeholders from internal decision-making processes and fully devolving power to external stakeholders. Evidence suggests that the scope of external stakeholder participation in philanthropic foundations has increased in the past decade. In 2011, Grantmakers for Effective Organizations (GEO), released national survey results showing that 48% of grant-making foundations sought external stakeholder input into their decision-making processes and just 14% actually delegated decision-making authority to external stakeholders (McCray, 2011; Bourns, 2010). Evidence from a national study in 2020 suggests that those numbers have doubled[7] – over 84% of America's largest private and community foundations reported engaging external stakeholders in decision-making process and nearly 35% report delegating decision-making authority to stakeholders (Husted, Finchum-Mason, and Suárez, 2021). While foundations that use more intensive forms of power-sharing, like delegating decision-making to their external stakeholders, are still in the

[7] Because the GEO study uses a convenience sample of any type of grant-making organization (both private foundations and public charities), the results between this and the University of Washington study are not fully comparable, but, to the extent that private foundations are less likely to utilize stakeholder participation practices, the difference over time should be much larger in magnitude.

minority, the fact that these practices have become more common raises questions about the factors that drive foundations to adopt participatory approaches to philanthropy.

Because foundation governance and grant-making decisions remain largely closed off to public view (Villanueva, 2018), little empirical research exists to explore what drives their different approaches to philanthropy and governance. This study leverages data from a 2020 study of American foundations' stakeholder participation practices to examine one potential determinant of participatory philanthropy: characteristics of program staffs' lived and professional experience. As the foundation's equivalent of a "street level bureaucrat", program staff can bridge the divide between predominantly white, elite philanthropic institutions and the often-marginalized communities that the foundations aim to help. This work argues that lived and professional experiences furnish program staff with different lenses on philanthropy that may make them more or less likely to support participatory philanthropic approaches. Namely, program staff with lived experience that diverges from the traditional white, elite motif of institutional philanthropy may be more likely to push for philanthropic approaches that devolve power to external stakeholders, while program staff with elite backgrounds or professional experience in business will be less likely to do so.

In the next section, the theoretical mechanism connecting program staff to foundation strategy (specifically utilization of participatory approaches to philanthropy) is explained and hypotheses are developed regarding three dimensions of program staff diversity that are salient to modern philanthropy – racial diversity, elite status, and professional orientation. Then, the data and methods used to answer the research questions are discussed in more depth. Findings from both logistic and negative binomial regression models are then presented. These findings attempt to explore a relationship between organizational characteristics and organizational

strategy, but it is critical to remember that there are schemas at play within the organization that can further elucidate our understanding of how lived experience drives utilization of different approaches to social change. To better contextualize the quantitative exploration of this relationship, this study also presents qualitative evidence on what reportedly motivates foundations to utilize stakeholder participation practices. Finally, this piece concludes by interpreting the findings as they pertain to the relationship between staff characteristics, values and norms, and foundations strategy; the implications of these findings for future work; and some of the potential limitations of this work.

Program Staff & Organizational Strategy

Historically, philanthropic foundations in the United States have not been known for their internal diversity nor for supporting the needs of diverse populations. Scholars note the roles that foundations have played in perpetuating racial hierarchies in the U.S. in the Jim Crow era (O'Connor, 2010), in shifting the NAACP's advocacy focus away from issues of physical violence against Black Americans towards more moderate foci like education (Francis, 2019), in the development of scientific frameworks reifying racist and segregationist principles internationally (Willoughby-Heard, 2015), and using their resources to maintain elite hegemony (Giridharadas, 2019; Roelofs, 2003; Fisher, 1983). Today, foundations still face significant issues with lack of diversity, with racial/ethnic diversity being a focus of much of the empirical work. In a 2020 survey of their members, the Council on Foundations found that 72.7% of full-time foundation staff were white – an asymmetry corroborated by studies at the state and national level (McGill, Bryan, and Miller, 2009; McCormick, 2021). Other relevant sociopolitical characteristics of foundation staff, such as socioeconomic or professional diversity, are not well-studied in either academic or pracademic circles.

Why Program Staff?

A recent study of the United States' largest private and community foundations revealed that almost 90% of foundations that use participatory strategies in governance and grant-making report that their program staff are key drivers in those processes (Husted, Finchum-Mason, and Suárez, 2021). While foundations' decision-making processes are complicated and widely variable, both empirical literature and practitioner reflections suggest that a foundation's staff are critically important in dictating the approaches that the foundation takes and, ultimately, their outcomes (Capek & Mead, 2007; Buteau et al., 2017). Program staff are the foundation's frontline workers – the equivalent of street-level bureaucrats – serving as critical conduits between the foundation and those it serves, interfacing with potential and current grantees, networking amongst nonprofit communities, and seeking out opportunities to hone the foundation's strategy (Buchanan, 2015; Buteau, Glickman, & Leiwant, 2017). Oftentimes, program staff build long-term relationships with grantee nonprofits, seek out community knowledge to better understand social problems, and communicate program findings to higher-level decision-makers within the foundation (Buchanan, 2015; Buteau, Glickman, & Leiwant, 2017). Kohl-Arenas (2017) finds that program officers in large foundations serve as brokers, managing the disconnect between foundation leaders'/trustees' conception of social issues and the realities that [particularly marginalized] grantees face – a role that often puts program officers in the position of creatively marketing new approaches to their superiors.

There is also a compelling connection between program staff roles and participatory philanthropy emerging as the literature grows. Notably, recent empirical work on stakeholder participation methods finds that most foundations attribute their stakeholder participation work to the capacity of their program staff (Husted, Finchum-Mason, and Suárez, 2021). In a recent

qualitative study of the determinants of participatory grant-making in community foundations, McGuiness-Johnson (2021) finds that staff with lived experience that aligns with the community that the foundation seeks to serve tend to drive participatory processes within the foundation. Many foundations have program staff, but not all foundations utilize participatory methods. One potential explanation for the disparity is who constitutes the program staff, namely the diversity of identities, professional orientations, and lived experiences that program staff bring to their work.

The conflict that arises in large philanthropic foundations is between the perspectives that are represented within the foundation and the perspectives of the foundation's beneficiaries. Foundations whose staff tend towards the white, elite, professional archetype may not have the capacities and resources necessary to build the deep relationships that support participatory philanthropic work. On the other hand, foundations whose staff have lived experience outside of the white, elite, professional archetype may be more inclined to recognize the value of external stakeholder perspectives and put in the degree of work necessary to build trusting relationships with those stakeholders. Or, as Bourns (2010, page 7) relates,

> *Organizations that operate with inclusion, justice, and equity as core values are better positioned to identify and include those who need to be involved in their work, balance those perspectives, and incorporate stakeholder ideas into their decision-making.*

Thus, questions arise regarding the relationship between program staff diversity and foundations' use of participatory philanthropic approaches. While several aspects of the lived and professional experience of program staff could potentially influence whether, and the extent to which, a foundation embraces participatory approaches to governance and grant-making, this work focuses on three aspects that are salient to institutional philanthropy: racial diversity, elite status,

and professional orientation. The following section elaborates these three dimensions and lays out theoretical expectations about how each dimension should influence the adoption and extent of utilization of participatory philanthropic approaches.

Characteristics of Program Staff Lived & Professional Experience

Diversity literature across management disciplines defines several dimensions of identity that have the potential to influence an organization's processes and effectiveness, including gender, race, cognitive orientation, and professional experience. The assumption underlying these characteristics is that individuals with different lived experiences will come to approach their work through the lens of those experiences. Racial diversity, elite status, and professional orientation are all examples of how a foundation can be (or can fail to be) *descriptively representative*, or share values, perspectives, norms, and experiences with the foundations' beneficiaries (Pitkin, 1972; Guo & Musso, 2007).

The representative bureaucracy literature helps shed light on the potential for descriptive representation in mission-focused organizations to influence organizational practice and performance. Representative bureaucracy literature theorizes that passive representation – or the degree to which the organization "looks like" those they serve in terms of politically-relevant characteristics – in public (or quasi-public) organizations can lead to active representative – whether and how the organization acts in the interests of those served (Mosher, 1968; Bradbury & Kellough, 2011). While philanthropic foundations are not generally considered to be representative of their beneficiaries, a lens of representation is useful to adopt in this case because it emphasizes the new mindsets that people who have historically been excluded from power can bring to the table when they arrive in positions of relative power. Riccucci, Van

Ryzin, and Jackson (2018) summarize one theoretical mechanism linking descriptive (or passive) representation to active representation. As shown in Figure 8 below, they posit that social origins produce and reproduce distinct sets of social values. These social values inform policy-relevant actions, leading to differential policy outcomes.

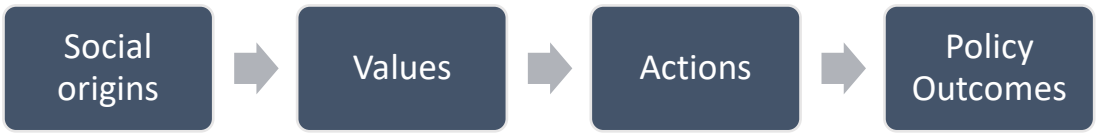

Figure 8. Linking passive representation to active representation (Riccucci, Van Ryzin, & Jackson, 2018)

There is considerable existing research evaluating different links in this theoretical mechanism in public and nonprofit organizations – although to a much lesser extent in the latter. Some research shows a significant relationship between racial representation of managers and street level bureaucrats and constituent outcomes (LeRoux, 2009; Roch & Pitts, 2012). Other research reveals a highly contingent relationship between racial/gender representation in public agencies, managerial attitudes, and employee outcomes (Riccucci & Meyers, 2004; Cheek & Piercy, 2001, Watkins-Hayes, 2011). Almost all this research emphasizes that the relationships between passive and active representation are heavily mediated by organizational culture and the salience of identity in the policy domain (Destler, 2016; Keiser, 2010). It is important not to hastily extrapolate the results of these studies to philanthropic foundations because the constraints facing public and nonprofit service agencies (the focus of all the empirical exploration on this topic) are quite different from those facing philanthropic foundations. Public and nonprofit service providers are dually accountable to both the individuals they serve as well

as the broader public - two sets of constituents that are not necessarily overlapping. Foundations are not necessarily accountable to either but are certainly not accountable to a tax-paying public beyond the mandated annual payout percentage and limitations on political action.

Viewed from another angle, descriptive representation (among other representative capacities) can also facilitate *symbolic representation* – or the legitimation of the representative in the eyes of the represented (Mansbridge, 1999; Guo & Musso, 2007). Few empirical studies have explored the connection between descriptive and symbolic representation and most of that work deals with legislative contexts. Arnesan & Peters (2018), for instance, find that when political leaders were more descriptively representative of their constituents (in terms of race/ethnicity, gender, and education level, among other characteristics), their constituents indicated a significantly greater willingness to accept political decisions made by those leaders, especially when the decisions contravened the constituent's personal preferences. If descriptive diversity renders representatives more legitimate in the eyes of those they represent, the diversity of a foundation's program staff may improve the foundation's the legitimacy to external stakeholders and therefore facilitate the relationship-building necessary to carry out participatory philanthropic practices. Many foundations are hesitant to utilize participatory philanthropic methods because they require the foundation to be embedded meaningfully within a community (Evans, 2015), an unlikely outcome if the community does not see the foundation as legitimately representing their interests.

Racial Diversity

Given philanthropic foundations' reputation for being a predominantly white, elite institutions, one of the key questions that emerges is: *Do foundations that are have more non-white staff members tend to use participatory philanthropic approaches more often than staff*

with fewer non-white program staff members? Critical theorists argue that philanthropic foundations in the United States hold the power that they do because of inherently inequitable systems that (either intentionally or unintentionally) uphold white-dominant ideology (Ahn, 2007). Considering institutional philanthropy's history, it is interesting to observe that the more recent push to distribute and share power follows closely with the diversification of the nonprofit field.

Lack of racial/ethnic diversity in institutional philanthropy is just part of the wider problem in the nonprofit sector, which has been increasingly scrutinized for racial homogeneity. Anywhere from 60-80% of nonprofit staff across the United States and around 87% of nonprofit Presidents and Executive Directors identify as white (*Race to Lead*, 2019; Battalia Winston, 2015). Part of the issue relates to organizational infrastructure; many nonprofits report not having existing internal capacity in place to prioritize hiring more diverse workforces (Nonprofit HR, 2019). Some community foundation leaders note that recruiting diverse board members, for instance, is a challenge because recruitment is based on other competencies that the foundation perceives necessary to operate successfully (Azevedo, Gaynor, Shelby, and Santos, 2021). Other scholars and critics of institutional philanthropy argue that the lack of racial diversity in philanthropy is a result of engrained modes of operation that favor the perspectives of white, elite individuals and marginalize the perspectives of people with diverse lived experience if and when they conflict with existing mental models (Kohl-Arenas, 2017). The conclusion that practitioners and academics alike seem to have converged upon is that the nonprofit sector, and institutional philanthropy by extension, has a racial diversity problem.

The current racial disparities are rendered evermore dire in light of empirical evidence about the benefits of racial diversity in the workplace. Research has shown that workforce

diversity influences the way organizations do business, or in this case, the processes that organizations use to fulfill their missions. While early theory on organizational heterogeneity (Blau, 1977) posited that increasing diversity of firm employees would lead to social identity categorization, in-group formation, and out-group bias, thus negatively impacting team performance within the organization, more recent research has largely refuted this perspective. Empirical research on racial and gender diversity in for-profit firms has found that firms with more diverse staffs in terms of race and gender tended to perform better than less diverse firms based on higher out-group exposure and fewer opportunities for exclusive subgroup formation (Cox, 1991; Watson et al., 1993). Richard, Barnett, Dwyer, and Chadwick (2004) find a moderated curvilinear relationship between racial diversity and firm productivity, such that in highly innovative firms, moderate levels of racial diversity (20-30% nonwhite staff) result in lower productivity, where higher levels (30% +) result in greater productivity.

More recent theoretical orientations, namely the "value in diversity" perspective and the related cognitive diversity hypothesis, outline the mechanism by which workforce diversity can influence both organizational *performance* and organizational *process*. Cognitive diversity is defined by differences in cultural experience (of which racial diversity is a component), values, skills, and abilities between groups – the interactions of diverse groups surface new perspectives and more innovative modes of problem-solving (Bright and Cortes, 2019; Wang, Kim, and Lee, 2016). Several studies have revealed cognitive diversity to be positively associated with creativity in team problem-solving (Gilson, Lim, Luciano, and Choi, 2013; Kurtzberg, 2005; Jackson, May, and Whitney, 1995). Others have found diversity's association with team creativity to be moderated by organizational leadership, such that the positive effects of diversity can only be realized by having facilitative leaders at the helm (Wang, Kim, and Lee, 2016).

Relative to traditional governance and grant-making practices in institutional philanthropy, participatory approaches are considered both innovative and creative solutions to addressing deeply entrenched social injustices (Hauger, 2022; Gibson, 2017).

Racial diversity is also hypothesized to influence organizational decision-making as the history of philanthropy among communities of color has long relied on approaches that engage people in collective action (Freeman, 2020; Roland, 2019). These systems of giving evolved in response to systematic disinvestment in black and brown communities as well as systematic (often successful) attempts to undermine collective action in communities of color (Villanueva, 2018). The sum of evidence suggests that greater racial diversity in foundation program staff will infuse new perspectives into the foundation and will therefore be positively associated with the foundation's use of participatory practices. Given the evidence on how racial diversity may influence organizational outcomes, the following hypotheses emerge:

> *H_{1A}: Foundations with greater racial diversity in program staff will be more likely to delegate decision-making to external stakeholders.*
>
> *H_{1B}: Foundations with greater racial diversity in program staff will delegate more aspects of foundation decision-making to external stakeholders.*

Elite Status

The second salient sociopolitical program staff characteristic to be explored is the proportion of staff members with what is defined as *elite status*. Institutional philanthropy has long been criticized for its elite, plutocratic nature, which shapes policy problem definitions and the social interventions that come to be seen as legitimate (Reich, 2016, 2018; Callahan, 2017). Further, as elite institutions, foundations owe their existence to systems that tend to reproduce structures of inequality and, therefore, foundation actions do not necessarily disrupt systems of

inequality (McGoey, 2012; Glucksberg and Russell-Prywata, 2018; Maclean, Harvey, Yang, and Mueller, 2019). Philanthropy is often viewed as an engine for the betterment of society, but philanthropic foundations tend to be led and staffed primarily by elites who are not representative of the society they serve (Ahn, 2007).

Despite its many definitions across academic literatures, elite status carries three important features: (1) membership in the "dominant" social group (Karabel, 1984), (2) access to resources, and (3) decision-making power over the use of those resources (Rahman Khan, 2012). In this sense, this study uses the terminology of "elite status" to reflect not just higher socioeconomic status, but also elite in-group socialization, both of which are argued to influence the lens that program staff use as they engage in social change work. This raises the question: *Do foundations with more elite program staff use participatory philanthropic methods less often than foundations with fewer elite program staff?*

Sociological and economic perspectives on the elite helps to frame our understanding of the implications of elite overrepresentation in the social change-oriented fields. Wealth inequality has increased over the past half century such that the top 1% of Americans make over 20% of the nation's pre-tax income (up from nearly 11% in 1978) and this story is mirrored in other industrialized countries (Alvaredo, Chancel, Piketty, Saez, and Zucman, 2017). The concern that that the wealth gap raises is not necessarily about inequality in and of itself because, as Piketty and Saez (2014, page 842) note,

> *There are powerful forces pushing alternately in the direction of rising or shrinking inequality. Which one dominates depends on the institutions and policies that societies choose to adopt.*

The concern, as it pertains to philanthropy, is that elites have disproportionate access to political and social institutions that reify status differences and are often reticent to take action that threatens those institutions (Giridharadas, 2017; Rahman Khan, 2012). Ahn (2007) illustrates this concern, discussing the apparent contradictions of the Bill and Melinda Gates Foundation providing vaccines to African nations while Bill Gates simultaneously lobbied for intellectual property protections that prevented African governments from purchasing vaccines cheaply in open markets.

Beyond the inherent inertia built into systems that prop up the elite, individual-level evidence suggests that there are marked differences in cognition and social behavior among elites as compared with non-elites. While there is no existing research that specifically explores how elite status in foundation staff impacts foundation strategy, the social and behavioral psychology literature on social status provides some insight into how elite status might shape program staff worldviews and impact whether and how a foundation integrates participation methods into their work. Experimental research in social psychology indicates that upper-class individuals score higher on measures of social disengagement (Kraus & Keltner, 2009) and lower on measures of empathy and compassion as compared with lower-class individuals (Stellar, Kraus, Manzo, & Keltner, 2012). In this same line of research, non-elites (individuals with lower socioeconomic status) are also suggested to be more generous, charitable, and trusting towards others as compared to their non-elite peers (Piff, Kraus, Cote, Cheng, & Keltner, 2001).

High social status has also been experimentally linked to a greater sense of control over one's circumstances (Kraus, Piff, and Keltner, 2009). Kraus and Keltner (2013) show that higher social class is associated with more essentialist understandings of social standing (i.e., that social

status is an inherent trait, rather than a socially constructed one). The same study shows that essentialist understandings of social status are significantly associated with greater support for more punitive responses to social deviance. Overall, this series of studies suggests that individuals with higher socioeconomic status were more likely to discount contextual explanations for individual success or failure and privilege dispositional explanations, attributing outcomes to individual characteristics and merits rather than the social systems in which one is embedded. A study of financial magnates suggests that elites are more likely to attribute their wealth to their own fortitude and discount the contextual explanations for social problems (Kraus, Piff, and Keltner, 2009; Hecht & Summers, 2018). These findings have important implications for the present study, as they suggest a potential misalignment between elite program staff and the communities that foundations serve.

Mechanistically speaking, this misalignment between elite and non-elite approaches to social problems does not simply play out in a wealthy benefactor's vision for their foundation. When foundations program staff – who have the power to define the foundation's understandings and approaches to its focal issues – are largely elite themselves, this introduces the potential for disconnection between the lived experiences represented by the foundation and the lived experiences of the communities that the foundation serves. Such a disconnection is argued to make the adoption and utilization of participatory methods (particularly those involving a higher degree of power-sharing with beneficiaries) less likely. Based on existing evidence on elite status and its effects on cognition, this work tests the following hypotheses.

> *H_{2A}: Foundations with greater elite representation in program staff will be less likely to delegate decision-making to external stakeholders.*
>
> *H_{2B}: Foundations with greater elite representation in program staff will delegate fewer aspects of foundation decision-making to external stakeholders.*

Professional Orientation

The final characteristic hypothesized to influence the foundation's utilization of participatory methodologies is the professional orientation of its program staff. For the purposes of this work, professional orientation is defined as field in which a staff member is educated, specifically at the master's degree level. Two main literatures illuminate causal pathways by which professional orientation can lead to different organizational strategies, specifically the value placed on sharing power with stakeholder. The first literature discusses processes of organizational professionalization in the nonprofit sector, particularly the presence of managerial professionalism leading to organizational rationalization – a process through which organizational governance, operations, and accountability structures are formalized. The second literature, on professional socialization, privileges the actual content of professional education – socialization in the norms, values, and cognitive frames prevalent to the field.

Organizational professionalization, specifically the increase in the number of managerial/administrative professions like MBAs and MPAs, in nonprofits is one mechanism by which the content of staffers' professional character may influence how the organization goes about its work. Managerial professionals apply cognitive frames of organizational governance that emphasize strategic thinking and the formalization of organizational procedures, such as the implementation of strategic planning processes and quantitative evaluation methods (Hwang & Powell, 2009). The trend towards professionalization among philanthropic foundations is argued to be, at least in part, due to the pressures that these organizations face to demonstrate their legitimacy to the public in response to government regulation (Frumkin,1998). Importantly, as Skocpol (2003) notes, the lean towards professionalization and rationalization may crowd out approaches that are more experimental (in this case, participatory philanthropy) and favor

processes done *for* beneficiaries rather than *with* beneficiaries. Similarly, Frumkin (2002) indicates that the tendency towards professionalization harkens to the instrumental functions of nonprofits, which may be in tension with its more expressive functions. Finally, Stewart (n.d.) argues that greater professionalization among nonprofits leads to greater focus on efficiency. Taken together, this body of work suggests that greater professionalization among foundations should be negatively associated with practices that place greater emphasis on the expressive functions of nonprofits, like participatory philanthropy.

Professional orientation may also impact the process and strategies to which a staff member is inclined is through the process of *professional socialization*. Professional socialization is based on the idea that education imparts a set of preferences that are shared among the field (Merton, 1957; Barretti, 2004) or as a process by which an individual becomes inculcated in a professional group identity (Bragg, 1976; Shahr, Yazdani, and Afshar, 2019). Educational programs expose individuals to a specific repertoire of values, beliefs, and approaches that color the way that the individual sees their work. Various studies (many in human-centered fields like medicine and social work) find that several intersecting learning mechanisms work to bring student values, beliefs, and identity into alignment with those of the profession can include classroom or professional or professional observation experiences (Zarshenas et al., 2014; Gaberson, Oermann and Shellenbarger, 2014) and repeated interactions with instructors, mentors, and peers (Teschendorf and Nemschik, 2001; Chitty and Black, 2011). Alternatively, individuals may choose professional fields that best align with their own worldviews and core values. In either case, observed professional orientation may give some indication of how the individual might view and conduct their work, including the perspectives that they privilege. The question explored here is: *Do foundations with more business-socialized*

program staff use participatory philanthropic methods less often than foundations with fewer business-socialized staff?

Certain professional identities may run counter to the values, norms, and beliefs that underlie different organizational strategies. Participatory philanthropy, for instance, requires a unique organizational ethos to implement with fidelity. Foundations must be willing to dedicate time and resources to processes with uncertain (and often incalculable) returns on investment, such as seeking out community representatives, building trusting relationships, and potentially re-evaluating their strategy considering community-generated information. As individuals become socialized into a professional identity, they tend to incorporate their field-specific knowledge as tacit knowledge (Zarshenas et al., 2014). The educational backgrounds into which program staff were socialized may impact the value that program staff place upon the knowledge that external stakeholders bring to the table, especially where it conflicts with their own professional knowledge. Educational background may also influence one's estimation of the cost-benefit calculus of participatory methods, including the willingness to engage in the time-consuming relationship-building processes with outcomes that are difficult to quantify.

A relatively well-studied example of how educational background can influence one's approach to their professional work is in the field of social work. Core values of the social work profession - including service, social justice, dignity and worth of the person, importance of human relationships, integrity, and competence (National Association of Social Workers, 2021) - are engrained in students both in their graduate programs as well as in social work's major professional association. While mixed evidence exists on the degree to which social work education actively imparts humanistic or social justice values (Sharwell, 1974; Cryns, 1977; Moran, 1989; Van Soest, 1996; Landau, 1999; Miller, 2013), a more recent meta-analysis

suggests that social justice education programs are successful in socializing students to the core values of the profession (Barretti, 2004; Mizrahi & Dodd, 2013). It is also likely that an individual who selects into social work as a field of study would prioritize the profession's core values to a greater extent than someone who does not select into that field. By this logic, program staff with advanced degrees in a humanistic field like social work, may approach the practice of philanthropy in a way that prioritizes the experiences of grantees and community members, values time in relationship-building, and would, therefore, be more likely to delegate decision-making authority to external stakeholders.

In stark contrast to social work, the business field, which has become increasingly relevant to foundations over the past decades with the popularization of market-type approaches to philanthropy, privileges different sets of values. Business-like approaches, sometimes referred to as philanthrocapitalism (Bishop & Green, 2010) or venture philanthropy (Letts, Ryan, & Grossman, 1997), have become increasingly prevalent in the past decades and emphasize marketized approaches, individual consumption as a remedy to social ills, and funding innovative approaches to achieving social ends. Advocates of market-type approaches to philanthropy suggest partnering with the private sector to solve problems with a "laser-like focus on achieving 'impact'" (Bishop, 2013). The impact approach to philanthropy involves a set of capacities separate from the participatory philanthropy toolkit, which may involve long timelines, significant resource allocation, and benefits that lack simple, agreed upon measures situated in traditional evaluative frameworks. In short, the objective function of engaging external stakeholders is nearly impossible to specify, making the cost-benefit assessment difficult.

The professional identity of the business field is not quite as clearly defined as that of social work and there is considerable variability between education programs in terms of the values, norms, and skills they impart upon their students (Khurana, 2009). Indeed, some critics argue that the graduate business education is less a vector for the conveyance of professional norms than an accreditation mechanism based in the simple tenets of capitalism. Khurana (2009) summarizes a checkered set of perspectives on the professional identity invoked under modern MBA programs; he cites scholars and critics who argue that MBA programs today teach their students to be, in a sense, less human – focusing on bottom lines and "following the path of highest return on investment (ROI)". Especially when compared to fields like healthcare and social work, the professional socialization that takes place among business programs may be less focused on reinforcing a complex code of conduct, and more as a set of opportunities for professional networking. Hwang and Powell (2009) provide some qualitative evidence showing that nonprofits value business-educated staffers as they were perceived to bring a more strategic approach to organizational strategy and mission development. Program staff with professional training in business (such as a master's degree in Business Administration) may be driven by a focus on impact, efficiency or ROI, and therefore greater staff orientation towards the business tradition should decrease the likelihood of and extent of use of participatory philanthropic methods, leading to the following hypotheses.

> *H_{4A}: Foundations with greater proportion of program staff socialized in the business field will be less likely to delegate decision-making to external stakeholders.*

> *H_{4B}: Foundations with greater proportion of program staff socialized in the business field will delegate fewer aspects of foundation decision-making to external stakeholders.*

Data & Methods

Outcomes of Interest

Outcome data on participatory philanthropy comes from a survey of the 500 largest private and community foundations in the United States by total assets (Foundation Database Online, 2018) that was circulated online to high-level foundation personnel between May 2020 and December 2021. Following repeated outreach to multiple individuals within the foundation, a total of 148 foundations responded to the survey (30.3% response rate). This survey featured questions on a variety of foundation governance attributes, including the types of external stakeholders the foundation engages, the activities in which stakeholders participate, and the levels of decision-making authority granted to stakeholders. Importantly, the survey questions reflected any stakeholder participation activities that the foundations conducted within the past two years relative to the survey distribution (between 2018 and 2020).

Whereas participatory philanthropy can encompass a variety of stakeholder engagement tools, some of which do not necessarily guarantee that external perspectives change outcomes, this work defines participatory philanthropy in its most potent form, specifically exploring whether and the extent to which foundations delegate decision-making responsibilities to external stakeholders, including grantee nonprofits, non-grantee nonprofits and community-based organizations, communities directly impacted by the foundation's funding, and members of the broader public. The main logic behind this decision is to limit the analysis to stakeholder participation that actually impacts the foundations work. While the granularity of the data from this national survey supports exploration of stakeholder participation that asks stakeholders for feedback or involves them in decision processes in some way, research has shown that these levels of power-sharing do not necessarily lead to different organizational outcomes (McGuiness, 2012).

Participatory philanthropy is operationalized in two distinct ways: (1) as a dichotomous indicator of whether the foundation grants decision-making authority to external stakeholders (e.g., grantee nonprofits, non-grantee nonprofits and community-based organizations, community members directly affected by the foundation's funding, and members of the public) in matters of foundation governance and grant-making and (2) as a sum of the number of activities in which foundations report granting decision-making authority to external stakeholders. Processes in which stakeholders could have decision-making authority include determining organizational priorities, outlining grant-making processes, contributing to decisions around grant funding, and determining post-grant evaluation processes. Figure 9 provides an example of how this outcome matrix was structured. For the purposes of this work, the outcome does not distinguish or place differential value on one governance or grant-making process over another. Each stakeholder-process combination represents a unique activity in which the foundation delegates decision-making authority to its stakeholders. The maximum value that a foundation could theoretically achieve is 16.

Indicate all of the ways in which ***stakeholders made decisions*** about various aspects of the foundation's governance or grant-making in the past two years.

Please select all that apply.

	our organizational priorities	our grant-making processes	which grantees we fund	our post-grant evaluation	Not applicable
Foundation staff made decisions about	☐	☐	☐	☐	☐
Current/former grantees made decisions about	☐	☐	☐	☐	☐
Non-grantee nonprofits/community-based organizations made decisions about	☐	☐	☐	☐	☐
Community members directly affected by the foundation's funding made decisions about	☐	☐	☐	☐	☐
Members of the public made decisions about	☐	☐	☐	☐	☐

Figure 9. Sample response matrix for participatory philanthropy outcomes

Explanatory Variables

Program staff were first identified using foundation websites and, as needed, Internal Revenue Service records. Over 90% of foundation websites featured a section that described the names and titles of all foundation staff and many of these websites also provided staff pictures and biographies. Program staff members were defined as any staffer whose title included program directors, officers, associates, assistants, and analysts, or any variation thereof. Where images and biographies were unavailable, I used LinkedIn and the social media aggregator, Spokeo, to supplement the missing information. In a few cases, more extensive archival research was needed to obtain images and biographies. Only program staff who had been with the foundation prior to 2018, the period encompassed by the survey questions, were included. Each

of the following explanatory variables is a proportion of total program staff members. Where information on given program staff members was unavailable, e.g., missing any viable means of approximating race, that individual was excluded from the numerator of the measure, but not the denominator. In this sense, any of the following proportions can be thought of as conservative measures of different aspects of diversity.

Racial diversity was measured as the proportion of program staff who were identified as nonwhite through online images from foundation websites, LinkedIn, and (on rare occasion) through more in-depth web search. For a staff member to be assigned a race designation and be included in the proportion estimate, they had to have an image available online that could be positively linked to their foundation employment. Out of 1,393 total employees across 128 foundations, only 46 (3.3%) did not have an image available or could not be assigned a race designation based on image. Where an employee's presumed race designation was unclear, other contextual details were sought out on LinkedIn or other biographical data available online that indicated, for example, tribal affiliations (in the case of Native American staff members) or matriculation through a Historically Black College or University (HBCU). Estimating an individual's racial/ethnic identity can be problematic for many reasons, including the fact that a researcher's categorization may not be congruent with the way the subject identifies in terms of race/ethnicity. To collapse as much variation as possible, the measure of racial diversity is a simple dichotomy between white and non-white program staff. While there are critical nuances in racial diversity, the most salient difference in the case of American philanthropy is the white-nonwhite dichotomy as it reflects the homogenous characteristics for which U.S. foundations have long been criticized.

Elite status was measured as the proportion of program staff who held undergraduate or graduate degrees from one of the twelve Ivy League Plus universities[8], as indicated through professional biographies or LinkedIn profiles. Socioeconomic status is difficult to estimate without having firsthand access to the research subjects and, even then, there is considerable disagreement among scholars regarding how to measure the intricacies of social class (Kraus, Piff, and Keltner, 2009), however, Karabel (1984, *following Parkin*, 1979) notes that access to elite educational institutions is one vector by which the dominant social stratum reproduces their own elite status and excludes subordinate social strata from obtaining such privileges. Matriculating through an elite college/university indicates higher social status in two important ways. First, most of the students attending Ivy League universities come from upper-class backgrounds (Turner, Chetty, Saez, Yagan, & Friedman, 2017). Even for students who do not enter the university with elite social standing, the Ivy League (Plus) universities also have strong alumni networks from which graduates can benefit in several ways, including finding job opportunities in elite organizations and socializing with elite circles.

Professional orientation was measured as the proportion of program staff holding master's degrees in business administration. Again, data for each staff member was obtained through professional biographies or LinkedIn profiles. While this measure cannot represent the degree to which an individual identifies with or employs the core values of their professional field, the working assumption in this study is that either (a) having chosen to pursue a specific professional field or (b) having completed the degree is indicative of at least some degree of identification with that professional orientation.

[8] Ivy League Plus Universities include Harvard, Princeton, Yale, Columbia, Brown, Dartmouth, University of Pennsylvania, Cornell, Massachusetts Institute of Technology, Duke, Stanford, University of Chicago

Control Variables

These models control other factors that research suggests steer nonprofit and philanthropic strategies, and which can potentially impact the foundation's decision to engage stakeholders, including:

- ***Transparency*** is a summation of eight indicators of the foundation's web presence, transparency, and professionalism, including whether or not they maintain at least one social media account, whether an annual report is featured on their website, audited financial reports are featured on their website, Forms 990 are posted to GuideStar, whether the foundation updated their GuideStar profile online, whether the foundation had completed the GuideStar survey, and whether the foundation has a glasspockets.com profile. Each of these items indicates a willingness on the part of the foundation to engage with the public and to be more transparent about the foundation's operations, governance, and grant-making, which may also be associated with the propensity to engage external stakeholders in foundation governance.
- ***Professionalization*** is a ratio of the organization's administrative expenses to total expenses. Professionalization is linked with greater organizational rationalization and therefore more of a focus on formalized processes and procedures related to governance and accountability (Hwang & Powell, 2009), which runs counter the skills and competencies inherent in participatory philanthropic approaches. Therefore, professionalization should be inversely related to the likelihood of devolving power to stakeholders in matters of governance and grant-making.
- ***Number of staff members*** is a continuous indicator of how many staff members the organization employs. This measure is not limited to program staff but includes all

operational staff as well as senior and executive leadership. Organization scholars have found larger staff size to be associated with more centralized decision-making processes (Hwang & Powell, 2009; Edwards, 1998). But staff size may also have the opposite effect. Because capacity was an oft-cited challenge to utilizing participatory practices, it stands to reason that foundations with more staff may be able to more easily implement methods that may be either novel or time-consuming.

- ***Log of total assets*** is a ratio-level measure of log of all a foundation's 2018 assets, an estimate obtained from the Foundation Database Online. Total assets are another indicator of organizational capacity, which may influence the resources that a foundation could dedicate to participatory enterprises.
- ***Private foundation*** is a dichotomous indicator of whether a foundation is a family, independent, corporate, or operating foundation, in contrast to community foundations. Community foundations, by virtue of their proximity to those they serve, may be inherently more responsive to the needs of the surrounding community and therefore may be more inclined to use participatory approaches (Mazany & Perry, 2015).
- ***Social justice mission*** is a dichotomous variable that captures whether a foundation features social justice perspectives in their mission. Participatory philanthropy (and participatory grant-making, in particular) draws from a legacy of 501(c)(3) public charities for which disrupting inequitable and unjust social systems was a primary focus, therefore, private and community foundations who share that motivation in the mission work may be inherently more likely to adopt participatory practices. Social justice perspectives are estimated by scanning foundation mission statements for social justice language – or language that focuses on driving systemic change, equity, creating

inclusive spaces, and uniting individuals to achieve common goals. The Department of Inclusion & Multicultural Engagement at Lewis & Clark College's "ABCs of Social Justice" (2014) serves as a listing of words and phrases that were used to manually assign the binary indicator to each foundation based on a reading of its mission statement.

- ***Organizational field*** is a binary indicator of whether a foundation's primary giving area is in the human services field. This variable was generated by examining the distribution of foundations' 2018 giving – if the greatest amount was allocated to human services, the variable takes a value of one, otherwise it takes a value of zero. Foundations that are situated in the human services space may be more likely to adopt values consistent with active stakeholder participation, including devolving power to marginalized groups.

Foundation age (as measured by the present year minus the foundation's Internal Revenue Service decision date) was used as a control variable in early model iterations. The direction of influence was difficult to predict given the current research on organizational age, but two possibilities were likely. Some research suggests that more established organizations may have greater capacity (or "organizational slack") to experiment with new methodologies, which implies that older foundations should be more likely to adopt participatory approaches. On the other hand, older foundations may also have more deeply rooted operating logics and therefore may be substantially less willing to embrace new practices, particularly those that require a great deal of time and effort to implement. Age was ultimately found not only to have no significant predictive power in the models, but negatively impacted model fit and was therefore excluded to preserve degrees of freedom.

Note on Data Validity & Reliability

Private philanthropic foundations are difficult entities to study because of the lack of systematic, openly available data regarding their composition and strategic governance choices. Much of the empirical research on foundations uses grant-making data, which provides an excellent window into what foundations do with their resources but leaves a great deal of room for interpretation when it comes to determining the strategy that underlies those choices. Ideally, data on staffs' self-reported race/ethnicity would be used to test the research questions, but as this data is not publicly available (or even available for proprietary purposes to the best of the author's knowledge), researchers have few options in terms of assessing foundation composition, strategy, and the relationship between the two. To examine these relationships, the only real option was to use what foundations made available on websites.

That said, relying on publicly available biographic data to assess identity characteristics presents several challenges that may threaten the validity of the data. First and foremost, using images to assess an individual's racial/ethnic identity can be problematic – doing so requires the researcher to make assumptions that are necessarily colored by their own lived experience. It is nearly impossible to pictorially classify racial identities with any degree of granularity; this study does not attempt to do so beyond a white/non-white dichotomy (both because of the risk of measurement error and because the white/non-white dichotomy is salient to institutional philanthropy given its racially checkered history). However, runs two key risks: (1) of misidentifying individuals of non-Caucasian ethnicity who appear to be Caucasian and (2) of assuming continuities between the lived experiences of all non-white individuals, both of which threaten to negate unique lived experiences or generalize in an overly permissive way. To the

extent that individuals' race was systematically misidentified, this could influence the validity of the conclusions of this piece.

Additionally, the way in which this study operationalizes elite status makes several assumptions. Discussed earlier is the idea matriculation at elite educational institutions proxies for elite status in two ways: individuals who attend elite institutions tend to have higher socioeconomic status and elite educational institutions socialize students into insular, elite networks. But, importantly, not everyone who attends an elite educational institution comes from higher socioeconomic strata, just as not all who attend an elite institution become part of elite networks in ways that will necessarily influence their decision-making. This measure may also miss attributes of socioeconomic elite-ness that are not are not captured in educational pedigree. All these possibilities pose a threat to both the validity (i.e., Is an Ivy League+ educational pedigree actually indicating something about the socioeconomic stratum that the individual occupies and, thus the mindsets they bring to bear in their work?) and the reliability (i.e., Does an Ivy League+ educational pedigree measure the same attribute for every subject?) of this measure.

Estimation Strategies

Two separate estimation strategies are used to address the two distinct outcomes of interest to this study: (1) whether the foundation uses participatory practices in which external stakeholders have decision-making authority and (2) the extensiveness of such practices within the foundation. To understand the effects of program staff characteristics on whether the foundation gives external stakeholders decision-making authority, I use logistic regression. Using negative binomial regression, I examine whether and how program staff characteristics influence the number of governance and grant-making activities in which the foundation gives external stakeholders decision-making authority. While Poisson regression is also an appropriate means of modeling count data that are spatiotemporally bounded, as the second outcome of this study is, Poisson regression assumes that the mean number of occurs is equal to the variance of the number of occurrences, which is demonstrably untrue of outcome data in this study as the variance greatly exceeds the mean. Over-dispersed data tend to lead to underestimates of standard error and therefore more permissive p-value estimates. Negative binomial regression does not require the "mean = variance" assumption and is therefore better suited to over-dispersed data as it yields more conservative standard error estimates[9]. Plotting standardized residuals against the fitted values of the Poisson models reveals that, while most data falls between -2 and 2, a sizable number fall outside of this range, in contrast with the negative binomial model residuals, which are much less variable. These findings point to the fact that the Poisson model may not be the best specification given this data generating process. Additionally, a likelihood ratio χ^2 test comparing the full negative binomial model to the Poisson model revealed that the negative binomial offered a significantly better fit to the data ($p < 0.001$).

[9] One way to correct for this is to calculate robust standard errors in the Poisson specification. I include the results of these models in Appendix 3B.

Importantly, while previous descriptive work on the outcomes in this study have used design weights to account for survey nonresponse (Husted, Finchum-Mason, and Suárez, 2021), the present study uses unweighted regression models. Survey weighting is a useful tool that can help correct for nonresponse bias in survey research, particularly for descriptive estimates like means and ratios, but there is considerable debate around the conditions under which weighting should be used in multivariate regression analysis (Gelman, 2007). A common alternative to weighting is to take a model-based approach, wherein the suite the of variables, X, that could potentially inform both nonresponse and the outcome of interest are controlled for in the regression model, rather than weighting the model with post-stratification or propensity score techniques. In the case of this study, iterative testing during the design phase of the original propensity-to-respond weights revealed three characteristics to be significantly predictive of whether a foundation responded to the survey and thus explained recruitment biases to some degree: the degree of professional transparency (as defined earlier in this section), whether the foundation was a private foundation, and whether the foundation primarily gave grants to human services organizations (the organizational field indicator). Two of these three variables are also theoretically linked directly to the outcomes, which potentially underrepresents the variability in both the explanatory variables and outcomes and skews the regression results. Considering these concerns, this work takes the model-based approach by straightforwardly including these variables as controls as opposed to conducting weighted multivariate regression analyses.

Qualitative Analysis: What Motivates Stakeholder Participation

Consistent with the theoretical model presented in Figure 8, this paper argues that foundations whose program staff have diverse lived and professional experience have fundamentally different views on their relationship with stakeholders than foundations that are

mostly white, elite, and socialized in profit-oriented professional fields and that this diversity of lived and professional experience should translate to material differences in how the organization carries its mission (i.e., the strategies or policy-relevant actions it uses). While the quantitative findings in the previous section allow us to test the hypothesized relationships, regression results can only speak to the associations observed between program staff characteristics and the utilization of participatory philanthropic approaches. The regression results cannot speak compellingly to the issue of causality in this case. The preponderance of omitted variables, limited sample size, and cross-sectional nature of the data preclude strong causal statements, but given this data, it is possible to determine whether program staff characteristics correlate with differences in how the foundation thinks about and rationalizes stakeholder participation as an organizational practice. In other words, we can begin to examine the differences in perspectives at play in organizations that have program staff with varying levels of racial diversity, elite status, and business socialization. The original stakeholder engagement survey contained a

module that asked respondents to indicate what motivated their foundation to engage external stakeholders. Figure 10 below lists the possible motivations that foundations could select from.

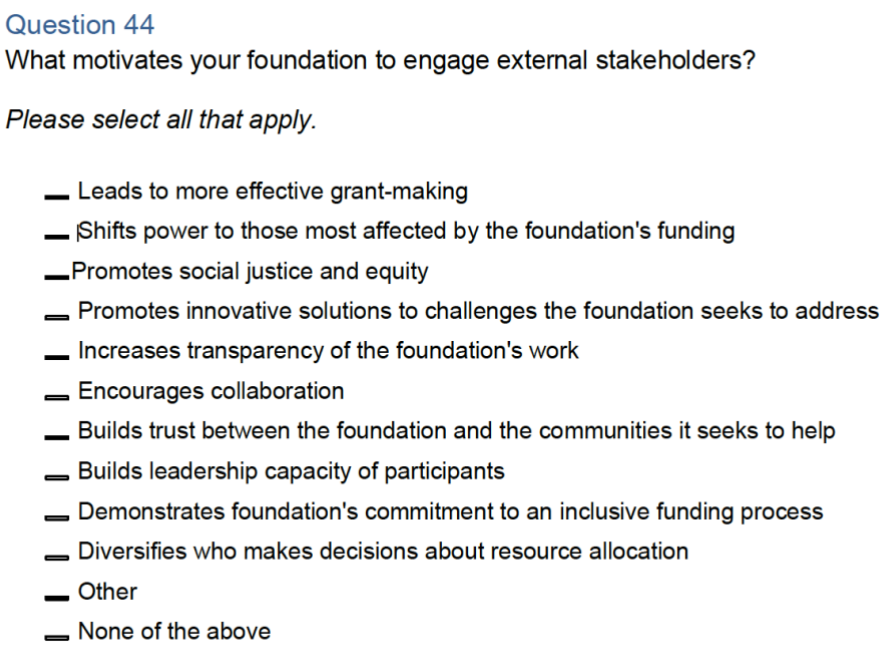

Figure 10. Foundation motivations for stakeholder participation practices (survey question)

Findings

This section begins with a descriptive exploration of key model variables for the sample of foundations that have at least one program staffer and indicate that staff have some say in the foundation's governance and/or grant-making (N = 125[10]). Logistic regression models examining whether foundations do or do not utilize activities in which external stakeholder make decisions about foundation governance and grant-making are then presented. Negative binomial regression models subsequently examine the extensiveness of foundations' use of external stakeholder decision-making activities. Finally, qualitative findings on foundations' reported motivations for engaging stakeholders are presented to further interrogate how program staff characteristics relate to foundations' motivations for utilizing participatory philanthropic approaches, and whether this evidence supports the theoretical mechanism in Figure 8.

Descriptive Statistics

This sample of foundations (N = 125) closely resembles the foundations in the sampling frame, save for a few key details. As Table 4 indicates, most foundations in this analytic sample are private foundations (74%) with 20 total employees or more (60%). Private foundations are slightly underrepresented in this sample relative to overall sampling frame, which is to say that community foundations were both more likely to answer the survey than private foundations and more likely to have program staff as compared with private foundations. This sample also tends to be more professionally transparent than foundations in the broader sampling frame; the mean value for professional presence in this sample is 4.3 (SD = 1.69) as compared with 2.95 (SD =

[10] Of the 128 respondent foundations that have program staff, 3 indicated that staff did not provide any input or have any decision-making authority on matters of organizational governance and grant-making. Because this work is fundamentally testing how staff input comes to shape organizational decision-making, these three foundations were excluded from the final analytic sample.

1.91) for the 489 foundations originally sampled. This could be interpreted as sampled foundations acknowledging public accountability to a greater degree, which potentially relates to sampled foundations' propensity to utilize stakeholder participation. Finally, 16.8% of foundations in sample that indicate human services as their primary giving area as compared with just 12.1% in the overall sampling frame.

The outcomes of interest to this study are relatively uncommon, though not enough to merit "rare event" status in the statistical sense. Just 33.6% of foundations indicated that they devolved decision-making authority to external stakeholders in some facet of governance or grant-making. Relatedly, there is significant positive skew on the distribution of the number of activities in which stakeholders are reportedly engaged. The average number of activities is 1.06 (SD = 2.15), so there is also notable variability between foundations. These observations are consistent with reports that some foundations hesitant to broadly apply these practices and are, therefore, wading into stakeholder participation slowly (Gibson, 2019).

As far as program staff characteristics, as would be expected of institutional philanthropy, the field is still predominantly white, but there was significant variability between foundations in this sample in terms of the racial/ethnic composition of program staff. The mean proportion of nonwhite program staff among this sample is 0.35 (SD = 0.27). Both elite status (proportion of program staff from Ivy League+ schools) and business socialization (proportion of staff holding an MBA) are less common characteristics overall, but again, there is considerable variability between foundations with some having nearly all Ivy League-pedigreed program staff or MBA-educated program staff and many having none of either. This sample of foundations had an average elite composition of 0.125 (SD = 0.156) and an average business socialized composition of 0.068 (SD = 0.13).

Foundations without Program Staff

The survey that was used to collect outcome data used in this work had 148 responses. Twenty of these foundations were found not to employ any program staff. Four of these foundations have only a board of directors and no staff dedicated to administration, the other 16 have either a single executive, one or more C-suite level leaders, or a single finance officer. Respondent foundations with no program staff tended to also be less professionally transparent (mean professional transparency index of 2.08, SD = 1.32) as compared to the foundations in this analytic sample (mean professional transparency index of 4.30, SD = 1.70), lacking presence on charity watchdog websites, publicly posted annual reports and financials, and other organizational information available to external stakeholders. Foundations in this sample without program staff are like those with program staff in terms total assets and investment in the human services organizational field, but far fewer foundations without program staff have mission statements that indicate a social justice orientation.

Table 4. Descriptive Statistics

		N	Proportion			
Dependent Variables	Number of foundations that confer decision-making authority on external stakeholders (binary outcome)	42	0.336			
		Mean	**SD**	**Median**	**Minimum**	**Maximum**
	Number of activities in which external stakeholders have decision-making authority	1.06	2.15	0.00	0.00	14.00
Racial Diversity Hypotheses (H_{1A}, H_{1B})	Proportion of nonwhite program staff	0.350	0.272	0.368	0.00	1.00
Elite Status Hypotheses (H_{2A}, H_{2B})	Proportion of program staff with degrees from the 12 Ivy League (Plus) universities	0.125	0.156	0.077	0.00	0.667
Professional Orientation Hypotheses (H_{3A}, H_{3B})	Proportion of staff holding a master's degree in Business Administration (MBA)	0.068	0.130	0.00	0.00	0.750
Controls	Transparency	3.624	1.40	4	1	6
	Professionalization (Administrative Expense Ratio)	0.260	0.172	0.227	0.027	0.991
	Number of staff	14.456	18.034	2	146	8
	Total assets (logged in regression models)	$1,130,967,651	$2,024,099,269	$463,025,053	$243,819,481	$13,584,110,000
		N	**Proportion**			
	Social justice mission	27	0.216			
	Organizational field: Human services	21	0.168			
	Private foundation (0/1)	93	0.744			

Logistic Regression Results

Key explanatory variables – racial diversity, elite status, and business socialization – are log transformed to remediate skewedness and to facilitate a "% change to unit change" interpretation (i.e., "a 1 percent increase in the explanatory variable is associated with an X unit change in the outcome"). Correlation matrices present correlation coefficients (Pearson's R) between each explanatory and control variable in the models. The matrix located in Appendix 3A shows that there is no concerning evidence of multicollinearity. Despite the high observed correlation between number of staff and logged total assets (0.709), post hoc variance inflation tests were conducted on all models, none of which revealed multicollinearity to be an issue (i.e., all variance inflation factors were less than five).

Table 5 presents the findings of the initial logistic regressions, which answer the question: Is program staff diversity associated with whether a foundation delegates decision-making to external stakeholders? Models assessed using via backwards deletion of variables with Akaike's Information Criterion (AIC) as the indicator of model fit. Presented below is the model that controls for all relevant variables but has the lowest AIC value – indicating a balance between the explanatory power of the included variables and the parsimony of the model. As indicated in the Data & Methods section, foundation age was included originally because of the organizational theory literature's suggestion that age should have some impact on strategy, but age was repeatedly found not to contribute explanatory power to the model and was thus excluded from the final models.

Table 5 Logistic regression results (N = 125)

	Foundation Confers Decision-Making Authority upon External Stakeholders (0/1)	Controls Only	Racial Diversity	Elite Status	Business socialization	Full Model
Staff Diversity	Proportion nonwhite program staff (logged)		1.570			1.872
			(1.080)			(1.154)
	Proportion Ivy League program staff (logged)			-2.790		-3.452^{+}
				(1.948)		(2.089)
	Proportion of program staff with MBAs (logged)				4.025*	3.733^{+}
					(1.872)	(1.924)
Controls	Transparency	0.181	0.140	0.212	0.181	0.176
		(0.189)	(0.191)	(0.194)	(0.193)	(0.199)
	Professionalization (Administrative Expense Ratio)	1.146	1.184	1.217	1.338	1.431
		(1.281)	(1.293)	(1.293)	(1.322)	(1.356)
	Number of staff	0.010	0.009	0.009	0.008	0.006
		(0.016)	(0.016)	(0.017)	(0.016)	(0.016)
	Total assets (2018, logged)	0.328	0.321	0.438	0.395	0.514
		(0.336)	(0.338)	(0.352)	(0.341)	(0.361)
	Private foundation (0/1)	-1.033^{+}	-1.043^{+}	-0.803	-1.114	-0.821
		(0.582)	(0.587)	(0.606)	(0.597)	(0.633)
	Social justice mission (0/1)	0.270	0.175	0.379	0.435	0.448
		(0.496)	(0.506)	(0.506)	(0.512)	(0.534)
	Organizational field, human service (0/1)	0.474	0.463	0.558	0.460	0.551
		(0.561)	(0.566)	(0.566)	(0.568)	(0.580)
	Pseudo-R^2	**0.159**	**0.180**	**0.181**	**0.204**	**0.248**
	Akaike's Information Criterion	**160.34**	**160.21**	**160.10**	**157.70**	**156.99**

+p < 0.10, *p < 0.05, **p < 0.01, ***p < 0.001

Logistic regression results did not support Hypothesis 1A in that program staff racial diversity alone was not significantly associated with whether a foundation confers decision-making authority upon external stakeholders in any model specification. The full model also offers some support for Hypothesis 2A as the elite status of program staff was found to be a statistically significantly associated of whether a foundation reported delegating decision-making authority to external stakeholders ($p < 0.10$). A 1% increase in the proportion of Ivy League educated program staffers is associated with a decrease in the log-odds of utilizing participatory approaches by a factor of 0.032 when controlling for the proportion of nonwhite program staffers and the proportion of business-socialized program staffers.

Hypothesis 3A was contradicted by the business socialization model and the full model such that a greater proportion of program staffers with MBAs was associated with a significant and qualitatively large increase in the odds of utilizing participatory philanthropic approaches ($p < 0.10$). In fact, as the proportion of business-socialized staffers increases by 1%, the odds of utilization increase by a factor of 42 – a qualitatively large difference. In terms likelihood of delegating decision-making authority to external stakeholders, none of the control variables were found to be statistically significant predictors. Despite some evidence of intercorrelation between the professional presence variable, the large staff variable, and the logged total assets variable ($|r|$ ranging between 0.45 and 0.71), post hoc variance inflation indices did not reveal any concerns about multicollinearity influencing the model results.

Negative Binomial Regression Results

Results of the negative binomial regression specification presented in Table 6 address the question: Is program staff diversity associated with the number of activities in which foundations delegate decision-making to external stakeholders? As in the logistic regression models, the staff

diversity variables have been logarithmically transformed. While there is not straightforward equivalent of an R^2 statistics for the negative binomial model, estimates of (Pearson's R)^2 supply a pseudo-R^2 value for these models providing some notion of variance explained by the model terms.

In contrast to the logistic regression results, racial diversity was found to be a statistically significant predictor of the number of activities in which a foundation delegates decision-making authority to stakeholders ($p < 0.10$). A 1% increase in the proportion of nonwhite program staff was associated with a nearly 4-factor increase in the number of participatory activities used by the foundation. Elite status was found to be a significant predictor of extent of delegation at the 95% confidence level across model specifications and in the hypothesized direction of influence. Results suggest that a 1% increase in Ivy League-educated program staffers is associated with a 98% decrease in the number of activities in which external stakeholders have decision-making authority. Negative binomial models revealed that professional orientation is not significantly associated with how many opportunities foundations provide for stakeholder to make decisions. The direction of the coefficient for business socialization is still contrary to Hypothesis 3B – as the proportion of program staff with MBAs increases, the logged number of stakeholder decision-making opportunities also increases. Interestingly, these results indicate that private foundations have significantly fewer activities in place that delegate decision-making to external stakeholder ($p < 0.05$), a finding that echoes existing research on the determinants of participatory grant-making (Husted, 2021). The implications of these findings are considered further in the Discussion section.

Table 6 Negative binomial regression results (N = 125)

	Number of Activities in which Foundation Confers Decision-Making Authority upon External Stakeholders	Controls Only	Racial Diversity	Elite Status	Business socialization	Full Model
Staff Diversity	Proportion nonwhite program staff (logged)		0.891			1.607+
			(0.943)			(0.940)
	Proportion Ivy League program staff (logged)			-3.593*		-3.836*
				(1.740)		(1.754)
	Proportion of program staff with MBAs (logged)				2.271	2.191
					(1.620)	(1.544)
Controls	Transparency	0.072	0.027	0.361	0.091	8.117
		(0.169)	(0.170)	(0.170)	(0.168)	(0.169)
	Professionalization (Administrative Expense Ratio)	0.641	0.641	0.807	0.881	1.036
		(1.169)	(1.165)	(1.148)	(1.163)	(1.134)
	Number of staff	0.002	0.002	0.001	0.003	0.0004
		(0.014)	(0.013)	(0.013)	(0.013)	(0.013)
	Total assets (2018, logged)	0.375	0.362	0.504+	0.402	0.514
		(0.289)	(0.288)	(0.290)	(0.286)	(0.285)
	Private foundation (0/1)	-1.198*	-1.223*	-0.944+	-1.303*	-1.050*
		(0.525)	(0.523)	(0.530)	(0.518)	(0.523)
	Social justice orientation (0/1)	-0.005	-0.087	0.052	0.122	0.051
		(0.451)	(0.455)	(0.452)	(0.450)	(0.454)
	Organizational field, human services (0/1)	0.421	0.440	0.619	0.323	0.559
		(0.493)	(0.489)	(0.480)	(0.489)	(0.470)
	Pseudo-R^2 (estimated as square of Pearson's R)	**0.120**	**0.132**	**0.138**	**0.118**	**0.138**
	Akaike's Information Criterion	**329.81**	**331.06**	**326.60**	**329.18**	**326.23**

+p < 0.10, *p < 0.05, **p < 0.01, ***p < 0.001

Foundation Motivations for Stakeholder Participation

To better understand the role that program staff play in the adoption and implementation of participatory philanthropic approaches, the next component of this analysis examines cases that exemplified or defied the relationships hypothesized in this work, specifically looking at reported differences in motivations for pursuing participatory approaches to philanthropy. The following analysis explores differences in reported motivations between foundations in the first quartiles (the lowest proportions of nonwhite program staff, Ivy League Plus educated program staff, and MBA-holding program staff, respectively) and foundations in the fourth quartiles for racial diversity, elite status, and professional orientation.

Racial Diversity

Logistic regression results reveal that the relationship between program staff racial diversity and the dichotomous measure of utilization is not statistically significant, but negative binomial models indicate that an increase in racial diversity is associated with a greater number of participatory activities used by the foundations. Figure 11 shows differences in motivations between the most (n = 14) and least racially diverse foundations (n = 9). Consistent with the mechanism hypothesized in this study, foundations with over 50% nonwhite program staff (values in the fourth quartile) indicate that they are motivated to engage stakeholders for reasons of shifting power, promoting social justice and equity, diversifying decision-makers, and commitment to an inclusive funding process at greater rates than foundations with less than 11% nonwhite program staff (first quartile). On the other hand, the least racially diverse foundations indicate being motivated by effectiveness and encouraging collaboration at greater rates than the most racially diverse foundations.

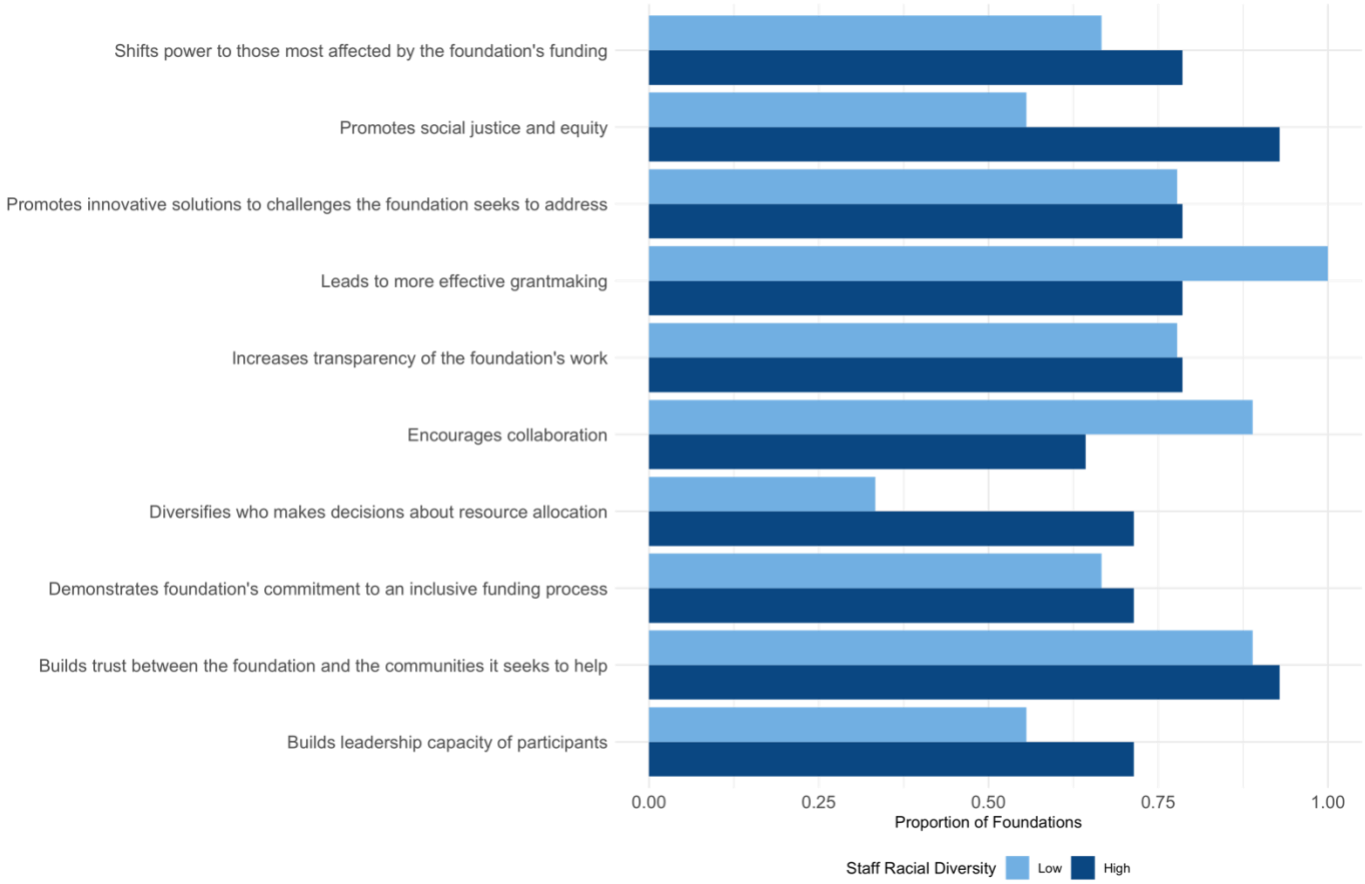

Figure 11 Differences in motivations for stakeholder engagement reported by foundations with the most (fourth quartile) and least (first quartile) racially diverse program staff.

Elite Status

Quantitative findings showed elite status to be significantly negatively associated with both whether the foundation conferred decision-making authority upon external stakeholder as well as the number of participatory activities in which a foundation engaged external stakeholders. The greater the proportion of Ivy League+ educated program staff, the less likely a foundation is to utilize power-sharing participatory approaches and the fewer participatory activities the foundation reported. As indicated in Table 4, the median value for the percent of Ivy League+ educated program staff was 0. Thus, the groupings in this analysis deviate slightly

from the 1st to 4th quartile comparison. Instead, foundations with no Ivy League educated staff are compared to foundations with > 16.7 % Ivy League+ educated staff (fourth quartile).

Figure 12

Figure 12 Differences in motivations for stakeholder engagement reported by foundations with the greatest and least proportion of Ivy League educated program staff.shows that the 25 foundations with no Ivy League+ educated program staff – i.e., with fewer elite program staffers – tend to report shifting power and demonstrating an inclusive funding process as motivators more often than the 8 foundations with a high proportion of Ivy League educated program staff. Foundations without Ivy League+ educated program staff also indicated promoting innovative solutions, increasing transparency, and encouraging collaboration more often than foundations with Ivy League+ staffers. All the foundations with >16.7% Ivy League+ educated program staff indicated that the pursuit of social justice and equity was a key motivator and 75% indicated that building the leadership capacity of participants was an important motivating factor for engaging external stakeholders. Over 85% of both groups indicated that more effective grant-making was a key motivation.

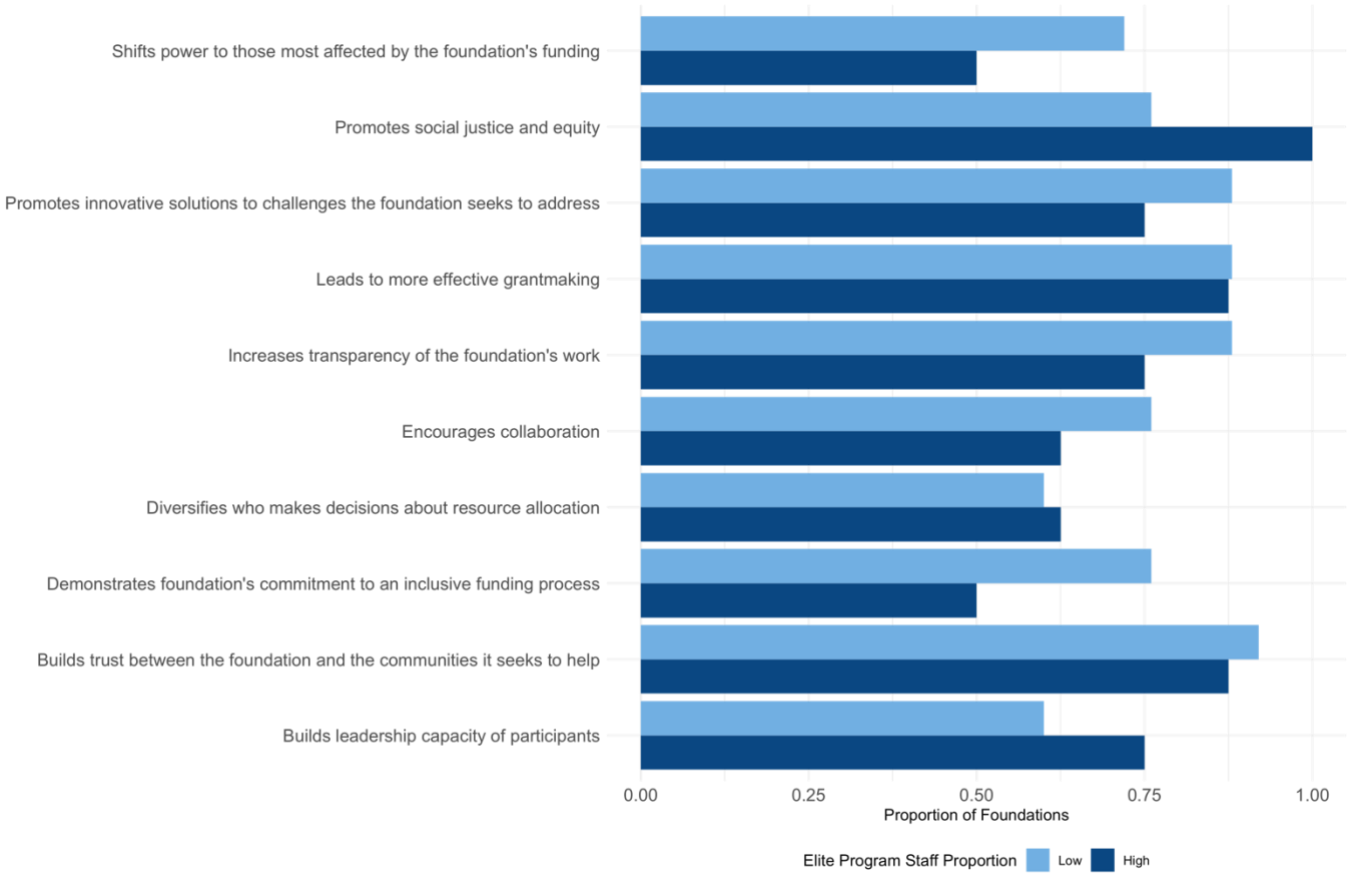

Figure 12 Differences in motivations for stakeholder engagement reported by foundations with the greatest and least proportion of Ivy League educated program staff.

Professional Orientation

The percentage of program staff with business degrees (specially MBAs) was found to be significantly associated with the dichotomous measure of whether a foundation utilizes any participatory approach to philanthropy ($p < 0.10$) but was not significantly associated with the number of participatory activities used by the foundation to engage external stakeholders in foundation governance and grant-making. The hypothesized relationship stated that greater numbers of business-socialized program staff would correlate with a focus on effectiveness, impact, and efficiency, which are – at least in the existing literature and in communities of

practice – not aligned with the ethos of participatory philanthropy and participatory grant-making.

Like elite status, the median of the business socialization variable (percent of program staffers with MBAs) is 0, thus all foundations that have 0% MBA-credentialed program staff (n = 25) are compared with foundations with > 8% MBA-credentialed program staff (n = 13). As

Figure 13 shows, in aggregate, foundations with a greater proportion of business-socialized staff indicated every listed motivation more often than did the foundations without business socialized program staff. The implications of this finding are considered more thoroughly in the Discussion section, but, notably, the search for innovative solutions to societal challenges, increasing transparency, encouraging collaboration, and diversifying the decision-making body were all motivations for which there are stark differences between foundations with a lot of business-socialized program staff versus those with none.

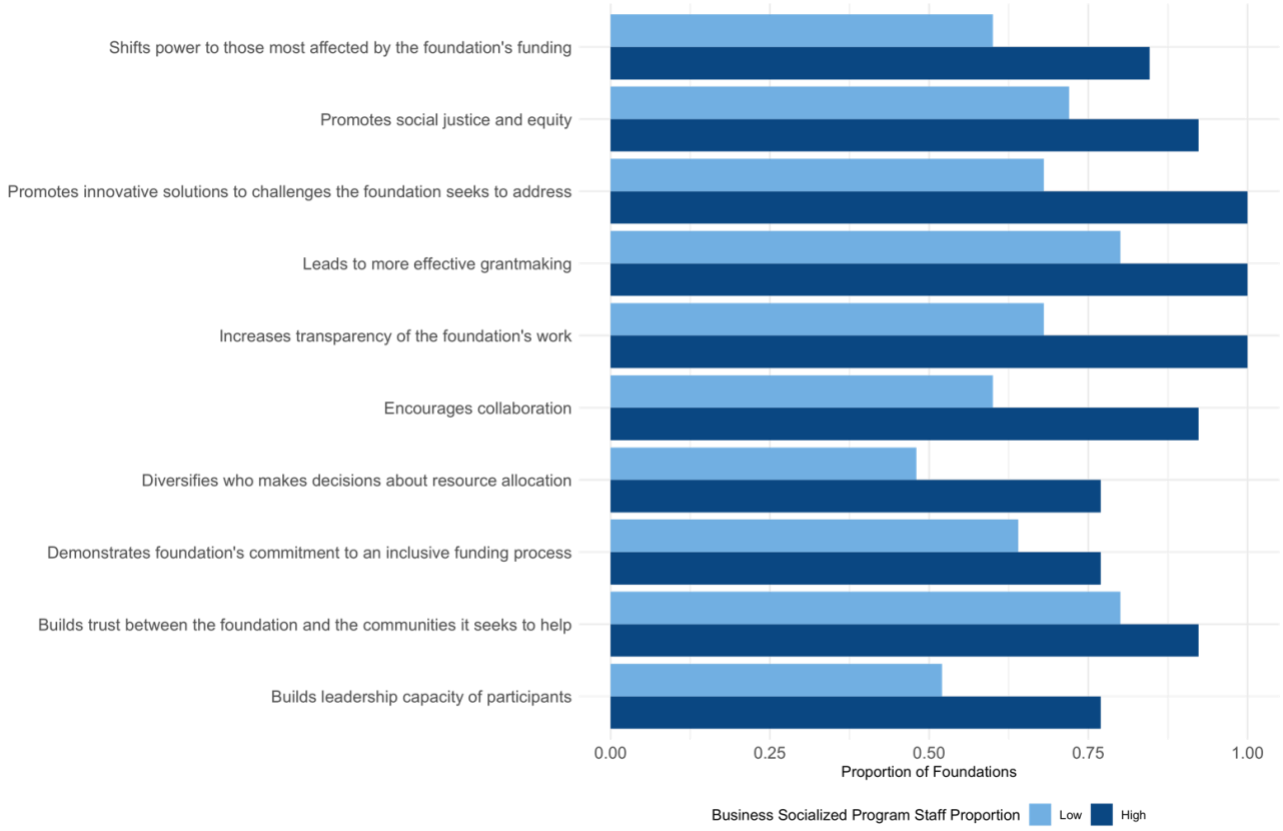

Figure 13 Differences in motivations for stakeholder engagement reported by foundations with the greatest and least proportion of MBA-credentialed program staff.

Discussion

Taken together these analyses provide mixed support for the predicted relationships between program staff composition and the extent to which the foundation delegates decision-making to external stakeholders but reveal some interesting associations. Table 7 below briefly summarizes the results of the empirical tests used to evaluate hypotheses regarding the effects of program staff racial diversity, elite status, and professional orientation on the likelihood and extent of devolution of decision-making to external stakeholders. In concert with the qualitative analysis of foundation motivations for engaging external stakeholders, these data offer some preliminary support for the theory that a more diverse program staff is associated with new and

disruptive ways of thinking about philanthropy and, more specifically, foundations' responsibility to those they serve.

Table 7. Summary of empirical support for hypotheses

Hypothesis No.	Outcome	Explanatory Variables	Result
H_{1A}	Whether or not foundation delegates decision-making authority to external stakeholders	Racial diversity	Not supported
H_{2A}		Elite status	Supported ($p < 0.10$)
H_{3A}		Professional orientation	Supported ($p < 0.10$) with opposite direction of influence
H_{1B}	The number of activities in which foundations report delegating decision-making authority	Racial diversity	Supported ($p < 0.10$)
H_{2B}		Elite status	Supported ($p < 0.05$)
H_{3B}		Professional orientation	Not supported

The first key finding is greater racial diversity in program staff is not significantly associated with the use of participatory methods that delegate decision-making to stakeholders, but is significant associated with the extent to which the foundation uses these methods, thus offering some support for Hypothesis 1B, but not 1A. Qualitative findings suggest that there are some different perspectives present in high diversity foundations as compared with low diversity foundations in terms of why they report engaging external stakeholders at all. Foundations with more than 50% nonwhite program staff indicated motives like shifting power, increasing equity, and building trust, whereas foundations with less diverse program staff focused on increasing the effectiveness of grant-making. These findings point to the fact that, as hypothesized, more

diverse foundations that utilize participatory philanthropic approaches tend to think about their work and relationship with stakeholders in a different way than do foundations with predominantly white program staff – emphasizing social justice and power-sharing with stakeholders to a greater degree.

There are a few possible explanations for these observed effects. The first is that, indeed, racial diversity is infusing the organization with perspectives that diverge from traditional approaches, consistent with cognitive diversity hypotheses and, perhaps, with the mechanism argued by the representative bureaucracy literature. In other words, foundations with program staff who have faced marginalization or who come from a tradition of giving that is contrary to the predominant model of American institutional philanthropy bring new sets of values to their work within the foundation. This explanation illustrates the linkage between passive and active representation (Riccucci, Van Ryzin, & Jackson, 2018; Riccucci & Meyers, 2004), where individuals social origins imbue them with a set of values that guide their actions. The sum of these actions is argued to lead to policy outcomes (in this case, foundation approaches) that are more representative of the communities the foundation seeks to serve. The qualitative findings further support this idea as there are marked differences between reported motivations between foundations with high and low racial diversity in program staff. Foundations with the highest levels of racial diversity in program staff report motivations like social justice, shifting power, and building trust – in other words, more relational goals – than foundations with low racial diversity, which tend to report motivations like promoting effectiveness and collaboration more often.

Unfortunately, the data in this study does not allow us to rule out the possibility of a shared causal antecedent of both high racial diversity on staff and the usage of participatory

philanthropy. Foundations that prioritize, attract, or work to retain more racially diverse staffers have a fundamentally different ethos than foundations that do not – one that is centered more clearly on social justice, racial equity, and breaking down traditional silos of power. Foundations that moved quickly and heeded the calls for diversification of the 2000s and 2010s (Young, Love, Csuti, & King, 2017) may be more inclined to further break down the barriers that exist between the foundation and its external stakeholders, particularly those who are affected by the societal challenges that the foundation seeks to solve.

But the qualitative results reflect the differences between foundations with the highest levels of program staff racial diversity and the lowest levels and, therefore, conveys the starkest differences in motivations for utilizing participatory practices. This is relevant from the perspective of a "critical mass" effect of racial diversity within the foundation. People of color are still drastically underrepresented in philanthropic foundations (Council on Foundations, 2021). When people of color obtain positions in predominantly white foundations – which hold a tremendous amount of power and privilege (Young, Love, Csuti, & King, 2017) – if they bring in perspectives that contradict the established "ways of doing" they may encounter significant friction. Edgar Villanueva's autobiographical work *Decolonizing Wealth* (2018) provides qualitative evidence of this phenomenon, chronicling his own experiences working in America's largest foundations. Villanueva describes the challenges of being a person of color in a large, elite foundation, specifically being cautioned against "rocking the boat" by (often white) superior officers and the toll that this lack of support took on his motivation and engagement. He writes,

> *Foundations and financial institutions let a few token people of color in, because they see that we have a different quality of access to our communities and because we have some type of wisdom that they want, but we're expected to completely assimilate. You are expected to conform to their behavior and their way of acting*

and interacting and moving through the world[11]*…If you contradict them, you will be reviled or silenced.*

Even in foundations that have a few program staff of color, these individuals may feel as though advocating for more democratizing philanthropic practices might put their jobs in jeopardy. But foundations that are run predominantly by people of color, may be characterized by a more inclusive logic, which would both support program staff of color and increase the likelihood of implementing more inclusive approaches, like participatory philanthropy. Ultimately, everything becomes a question of mechanism. Further research is needed to understand if and how people of color bring their lived experience into their philanthropic work and the organizational factors that work with and against turning that lived experience into philanthropic practice.

There is also a looming question regarding potential moderators of the effect of racial diversity on the use of participatory philanthropic methods. As previously indicated, some of the literature on racial diversity in teams indicates that its effect on productivity and other creative outcomes is moderated by motivated leadership or an organizational focus on innovation (Richard, Barnett, Dwyer, and Chadwick, 2004). Relatedly, Kohl-Arenas (2017) description of how social justice-oriented program officers navigate foundation politics to fulfill roles dual roles as foundation-agents and beneficiary-agents introduces the notion that organizational culture matters in terms of moderating program staff capacity. While this work does control for a general "social justice orientation", which was found not to be a significant predictor of participatory philanthropy in any model specification, there are certainly ways of measuring organizational culture or ethos that have greater construct validity. Future research in this vein

[11] Villanueva proceeds to make a beautifully worded analogy to the 1998 film, *Titanic*, in his vivid description of the forces working against people of color in institutional philanthropy. I mention it here to entice anyone and everyone to read Villanueva's important work.

should attempt to measure whether and how the effects of program staff racial diversity are moderated by other internal organizational factors, such as facilitative leadership or a more permissive organizational ethos (i.e., one that is focused on innovation, commitment to inclusion, or the dismantling of existing power structures).

Elite status, as measured by the proportion of program staff with Ivy League+ educational pedigrees, was found to be a significant predictor of both the likelihood of a foundation delegating decision-making authority to external stakeholders and to the extent of decision-making delegation to external stakeholders, such that greater elite representation in the foundation was associated with fewer activities in which decision-making was delegated to external stakeholders. This finding lends some support for Hypotheses 2A and 2B. Mechanistically, this suggests that increasing cognitive diversity and representation of communities served within the foundation is, in fact, associated with engaging communities in the foundation's work. Whether these strong and robust associations are the result of a direct causal linkage between "elite-ness" and the unwillingness to utilize participatory approaches to philanthropy or whether there is a shared causal antecedent here remains an open question. Foundations that prioritize hiring individuals with elite backgrounds may see their accountability to beneficiaries in a fundamentally different way. In either case, though, the implications are similar. Elite status aims to preserve itself (Khan, 2012), including within the field of philanthropy (Giridharadas, 2017; Ostrower, 2001).

This relationship comes to bear somewhat in the qualitative findings as well. As with racial diversity, there is a distinct bifurcation in the language that foundations in each group use to justify their stakeholder participation. Foundations staffed predominantly by non-elites (individuals without Ivy League+ pedigrees) do tend to indicate that the focus of stakeholder

engagement is on power shifting, committing to an inclusive funding process and establishing trust with those they seek to serve. Elite-staffed foundations adopt the language of social justice and equity as their motivation for engaging external stakeholders along with increasing leadership capacity. This is a subtle, but important, difference. "Social justice" and "equity" are terms that have long represented the search for a more just and inclusive society, but they are more moderate and restrained relative to some of the more recent language of the progressive movement. They are terms that one expects to see on a university's or a corporation's website. They are generic; they acknowledge inequity, but not in such a way that actively identifies the source of or solution to inequity. The modern progressive political movements utilize the language of power (the source of inequity), inclusivity, and collectivism (the proposed solutions to inequity). Thus, the qualitative findings in this study might suggest that foundations with more elite program staff do think about participatory philanthropy as a tool of equity in a very general way or are more inclined to market participatory approaches in a way that conforms to moderately progressive social goals.

The present study provides substantive evidence regarding the association between "elite-ness" and the status quo and contributes to an interdisciplinary understanding of the inertia the "elite-ness" induces. But this research also raises mechanistic questions. For instance, does this observed effect reflect mindsets that privilege the status quo over more inclusive, democratic practices? Giridharadas (2017) describes the neoliberal schemas and practices that these elite institutions tend to reproduce as it pertains to social change and the organizational pipelines that they cultivate, which further reify neoliberal approaches. Further empirical work is needed to understand what types of practices, if not participatory approaches, elite-staffed foundations are currently using to be able to adjudicate whether this proposed mechanism is accurate as well as

to determine whether and how different approaches to philanthropy diffuse between institutions and across sectors.

Finally, business orientation, as measured by the proportion of program staff with MBAs, was found to be significantly associated with the extent but the direction of influence is the opposite of that predicted in Hypotheses 3A and 3B, respectively. Business orientation was hypothesized to be associated with privileging more rationalized approaches, like formal evaluation, hierarchical accountability structures, and a more economically-oriented logic of social change – each of which is antithetical to the logic of participatory philanthropy[12], especially participatory approaches that fully devolve decision-making authority to external stakeholders. Instead of decreasing the likelihood of delegating decision-making authority to stakeholders, foundations with greater proportions of program staff with advanced business degrees have a greater likelihood of utilizing participatory methods. One potential explanation for this divergence rests in Bishop & Green's (2010) notion of how business-like ideologies impact the field. In their excursus on the potential of business-type approaches to revolutionize traditional philanthropy, they emphasize the notion of impact, but also suggest that part of their impact derives from the ability (and willingness) to engage in longer-term programming and organizational innovation. Participatory philanthropy is, by its very nature, an innovative long-term approach to philanthropy (Hauger, 2021) that business-oriented program staff may support as a means of "shaking up" the traditional philanthropic model.

Another potential reason for the observed association relates back to Frumkin's (1998) assessment of changes in foundation behavior in response to governmental regulation. When

[12] Formal evaluation does not need to be antithetical to participatory philanthropy, but evidence suggests that many foundations that do this work are resistant to evaluating its effects and/or highlight the difficulty of situating participatory methods within a traditional positivist evaluation framework (Husted, Finchum-Mason, & Suárez, 2021).

foundations began to professionalize at a greater rate following the Tax Reform Act of 1969, the observable changes in foundation behavior were to use paid staff as a conduit for communication with potential grantees and the public. While participatory philanthropy, especially power-sharing between the foundation and its beneficiaries, involves a far more intensive set of skills and capacities than communication alone, it is possible that the current engagement in participatory philanthropy is the most recent manifestation of foundations' desire to demonstrate public accountability and to generate public support for their work in the interests of increasing impact (Enright & Bourns, 2010). The exact mechanism underlying the association between business-oriented program staff and participatory philanthropy is unclear and future work should seek to unpack this relationship.

The qualitative evidence becomes a bit muddy when it comes to assessing the unexpected relationship between business-socialization and participatory approaches. As shown in Figure 13, foundations with greater numbers of business-socialized program staff report every motivation more often than do foundations with no business socialized staff. This could be indicative of a simple rational model, i.e., that foundations with more business-socialized staff see stakeholder participation as a set of practices with many clear benefits, therefore justifying their use. There may be some analogy between external stakeholders as consumers of the foundation's work, which would explain the willingness to be more open to those stakeholders' perspectives and decisions. Or the findings may indicate some degree of social-desirability bias that may be more common among these foundations – i.e., foundations that value business-orientation (and all that it implies) may be more likely to be extremely conscious about the ways in which they are marketing their work to outsiders.

The combination of findings on elite status and business orientation do raise some important questions about the relationship between professionalization (Hwang & Powell, 2009) and participatory philanthropy, specifically whether the prevalence of participatory approaches in philanthropy reflects a meaningful attempt to dissolve the existing power dynamics between the foundation and those it serves – to put the resources in the hands of those who need them most, or whether their current prevalence owes to isomorphic pressures in institutional philanthropy (DiMaggio & Powell, 1991). The measure of elite status used in this study is also commonly used as a measure of professionalization, and proxies for the idea of expertise. Its persistent negative association with participatory approaches would indicate that the expertise valued by organizations that employ mostly Ivy League+ program staff is not the same expertise that grantees and affected communities bring to the table.

The measure of business orientation is also inherently an indicator of professionalization, and more specifically managerial professionalism (Hwang & Powell, 2009). The qualitatively large positive coefficient on the proportion of business-oriented programs staff suggests that more managerial foundations do more participatory philanthropy. Husted (2021) also finds that professionalization (as measured by administrative expense ratio) and grounding in the human services organizational field (measured by whether the majority of 2018 grant dollars were dispersed to human services organizations) to be slightly positively associated with participatory grant-making[13]. More work remains to determine whether and how professionalization relates participation in institutional philanthropy, whether these practices are currently diffusing amongst large foundations, and whether these approaches are undergirded by the original intent

[13] Outcomes in Husted's (2021) study were limited to external stakeholder decision-making on grant processes and final funding determinations.

of power-sharing and inclusion or if the current prevalence of these strategies is simply diffusing as a norm of practice, decoupled from its original intent (Meyer & Rowan, 1977).

Limitations

There are limitations to this work, one of which reflects the potential for measurement error, specifically in the dependent variable. As illustrated in the matrix in Figure 9, this data indicates whether a foundation delegates decision-making on a particular governance process to a particular external stakeholder. What this outcome measurement does not indicate is the breadth of activities that could be represented by just one of these outcomes. For instance, a foundation might dedicate considerable time and capacity to engaging grantees in funding decisions and, even within this category, there could be multiple different activities that exemplify that type of engagement. Thus, representing the number of activities strictly as a count variable may fail to capture the actual resources that a foundation dedicates to external stakeholder participation. As discussed earlier, there is also potential for measurement error in the construction of the racial diversity variable: the proportion of nonwhite program staff. Because white versus nonwhite racial designations were assigned from images and some racial distinctions are more difficult to assess in this manner, there is a possibility that some staff members were assigned to a category that does not truly represent their racial identity. If those errors were systematic, this may come to impact the validity of the conclusions presented in this work.

Another important limitation is in the operationalization of the elite status variable, namely the proportion of staff members with Ivy League+ educational background. It is critical to recognize that social class, or more specifically "being elite", involves a constellation of different factors, not strictly one's educational pedigree. While other empirical studies also use

metrics like education to adjudicate social class, it is unlikely that current operationalization catches the plethora of different origin stories and experiences of Ivy League graduates. Another concern with this operationalization is that it is too narrow, that there are other institutions that have similar socioeconomic diversity gaps and confer similar levels of network prestige upon graduates. On this point, it is relevant to note that, when the top 30 educational institutions (by 2021 U.S. News & World Report rankings) are included instead of just the Ivy+ institutions, the elite status term is no longer statistically significant.

Finally, this work acknowledges that the relationships between race, elite socioeconomic status, and outcomes are not independent of one another, but rather are intersectional - individuals' lived experiences are a function of several intersecting political identities (Crenshaw, 1991). Intersectionality may come to influence the cognitive lenses that program staff bring to their work and, therefore, may exert interesting effects on the propensity to adopt participatory philanthropic methods as well as the degree to which these methods permeate the foundation's operations and governance. Future work should determine whether and how intersectional experiences influence how program staff see their role relative to the stakeholders they serve and how this affects the utilization of participatory methods.

Despite these limitations, this work makes several contributions. First, this work introduces what will be one the first publicly available, person-level datasets of program staff characteristics (beyond race/ethnicity) by foundation. This data has the potential to provide insights into several questions about the details of an institutional form that have eluded large-N study for years. Studies that aggregate racial/ethnic and gender characteristics across the philanthropic sector are relatively common, but there are no current studies that estimate the socioeconomic and professional characteristics of foundation staff, senior executives, and

leaders. Further, while discussions about the critical roles played by foundation staff have abounded in practitioner circles (Buchanan, 2015; Buteau et al., 2017), program staff have remained an underexplored group nested within the largely underexplored field of institutional philanthropy. As the "street level bureaucrats" of the foundation world, we stand to learn a great deal about how the representative capacity of program staff influence representative outcomes (like stakeholder participation). This is also the first paper to use quantitative survey research to explore the relationship between the composition of foundation program staff and foundation strategy. Finally, this study is one of the first to quantify participatory philanthropy in using systematic sampling methods and granular breakdown of each of the possible stakeholder-process combinations that could indicate participatory philanthropy. Using these data, we can better characterize practices that are arguably democratizing a long-standing plutocratic enterprise.

Conclusion

As COVID-19 and the fight for racial justice have made plain the stark inequities that exist in the United States, issues of diversity, inclusion, and stakeholder participation are becoming increasingly salient in the nonprofit and philanthropic sectors. Because philanthropic foundations have historically been known to be staffed and led by white, elite professionals (not generally representative of foundation beneficiaries), concerns arise with respect to how well the foundation can represent the needs of those it serves. While philanthropic foundations in the United States have historically been and continue to be criticized for their lack of transparency (Reich 2018; Callahan, 2017), undemocratic nature (Reich 2018), and lack of diversity (Council on Foundations, 2021; 2016), there is evidence of a sea change in some of the largest private and community foundations. New models of participatory philanthropy that engage external

stakeholders in decision-making processes and break down inequitable distributions of power have garnered more attentions from scholars and practitioners. Because participatory philanthropy is a relatively new area of empirical research, little is known about what drives its adoption and utilization with the "black box" of the foundation. This work takes a first step at identifying these drivers, examining associations between the aggregate characteristics of the foundation's program staff and the use of participatory philanthropic strategies, specifically the delegation of decision-making authority in foundation governance and grant-making.

This work sought to understand how foundation program staff attributes connected to and potentially informing lived experience and professional training impact foundations' utilization of participatory practices in philanthropy. Using data from national survey of the largest private and community foundations in the U.S., this study showed mixed for the notion that foundations with more diverse program staff utilize participatory philanthropic approaches more often than those with less diverse program staff. For the most part, racial diversity of program staff is associated with participatory approaches in ways that conform to theoretical expectations. Racial diversity is not only associated with the extent of utilization, but qualitative evidence suggests that more racially diverse foundations do actually "think differently" about the logic behind their participatory approaches. Though significant strides have been made in terms of diversifying institutional philanthropy (Council on Foundations, 2021), there is still much to be done in terms of making these spaces more inclusive. This study provides evidence to suggest greater inclusion in program staff might also help foundations include their external stakeholders in a more meaningful way. The challenge here, as Villanueva notes, is to avoid the tendency towards tokenism, actively listening to and incorporating the lived experiences of program staff of color into foundation governance and grant-making.

Elite status also behaves as predicted – associated with lower likelihood of the foundation utilizing participatory practices and the extent to which the foundation creates opportunities for external stakeholder participation in governance and grant-making. The field-level implication of this finding is that there is still very much an elite foothold in the practice of institutional philanthropy (outside of the original donor), which remains an impediment to the democratization of philanthropy and the representation of the needs of often-marginalized foundation beneficiaries. The takeaway for foundation practice is not quite so simple as "Don't hire any more Ivy League+ educated staff" – because the foundation remains a private entity, there is no reasonable way to coerce staffing behaviors anyway. Rather there must be a series of incentives or even capacity-building resources to help foundations reflect on whose perspectives and ideologies are privileged by the foundation's work and to convey the value of external stakeholders' lived experience as expertise. Fortunately, such resources are currently under development in the Participatory Grant-making Community of Practice as a collaboration with the Disability Rights Fund, an early adopter of participatory philanthropy.

The finding that foundations with a greater proportion of MBAs on staff remains somewhat of a mystery but may intimate that – in contrast to the spirit in which participatory philanthropy began – participatory approaches may be diffusing among foundations as a matter of institutional isomorphism. This is a potential challenge for early adopters whose use of participatory philanthropy was guided by an ethos of power-sharing and a desire to dismantle practices that sustained power asymmetries between the "haves" and "have nots". If these practices are decoupled from their original intention, there is nothing to stop foundations from adopting an *a la carte* strategy to stakeholder participation without necessarily redistributing its power. As indicated earlier, however, the data used in this study cannot speak directly to whether

and how participatory philanthropy is diffusing among large foundations, but it is important to note that this is a possibility – one that demands further empirical attention. Qualitative case research exploring how the foundations with greater proportions of business-socialized program staff would be necessary to get purchase on this set of findings.

Growing distrust in American public institutions, especially among people of color and individuals in lower socioeconomic strata (Rainie, Keeter, & Perrin, 2019), has led to a push for more representative institutions – institutions that reflect the diversity of human experiences and a firsthand understanding of the societal problems that many institutions seek to solve. Despite their private legal nature, philanthropic foundations also serve public purposes and the ways in which they define and address often-intractable societal challenges has real-world implications for individuals facing those challenges. This work provides preliminary evidence that when an organization "looks like" those it serves, it tends to create more meaningful opportunities for beneficiaries to contribute to decision-making. Although more research is needed to better understand these relationships, these results do paint compelling picture of why it might be important for foundations to think critically about the diversity of their staff and the spectrum of experiences that are represented.

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Appendix 3A: Correlation Matrix, Explanatory Variables

	Proportion nonwhite program staff (logged)	Proportion of elite program staff (logged)	Proportion of business-oriented program staff (logged)	Transparency	Professionalization (Administrative Expense Ratio)	Total assets (2018, logged)	Number of staff members	Private foundation	Social justice orientation	Organizational field, human services
Proportion nonwhite program staff (logged)	1.000									
Proportion of elite program staff (logged)	0.216	1.000								
Proportion of business-oriented program staff (logged)	0.075	-0.071	1.000							
Transparency	0.223	-0.0303	-0.025	1.000						
Professionalization (Administrative Expense Ratio)	-0.030	0.048	-0.032	-0.071	1.000					
Total assets (2018, logged)	0.121	0.220	-0.029	0.224	-0.182	1.000				
Number of staff members	0.130	0.187	0.004	0.115	-0.078	0.709	1.000			
Private foundation	-0.107	0.249	0.002	-0.513	0.297	0.029	0.130	1.000		
Social justice orientation	0.161	0.137	-0.125	0.114	-0.022	0.068	0.160	0.041	1.000	
Organizational field, human services	0.012	-0.025	0.019	-0.048	-0.148	-0.136	-0.091	-0.227	0.076	1.000

Appendix 3B: Alternative Count Model Specification – Poisson with Robust Standard Errors

	Number of Activities in which Foundation Confers Decision-Making Authority upon External Stakeholders	**Controls Only**	**Racial Diversity**	**Elite Status**	**Business orientation**	**Full Model**
Staff Diversity	Proportion nonwhite program staff (logged)		0.853			0.989
			(0.692)			(0.782)
	Proportion Ivy League program staff (logged)			-3.489^{+}		-3.676^{+}
				(2.099)		(2.113)
	Proportion of program staff with MBAs (logged)				2.040	1.819
					(1.445)	(1.357)
Controls	Transparency	0.071	0.049	0.107	0.056	0.069
		(0.185)	(0.185)	(0.168)	(0.191)	(0.175)
	Professionalization (Administrative Expense Ratio)	0.557	0.546	0.590	0.573	0.544
		(0.185)	(0.920)	(0.903)	(0.952)	(0.973)
	Number of staff	0.003	0.003	0.001	0.001	-0.0001
		(0.011)	(0.011)	(0.010)	(0.012)	(0.010)
	Total assets (2018, logged)	0.294	0.277	0.399	0.351	0.439
		(0.305)	(0.302)	(0.308)	(0.318)	(0.3110
	Private foundation (0/1)	-1.197*	-1.182*	-0.902^{+}	-1.237*	-0.900^{+}
		(0.504)	(0.496)	(0.500)	(0.515)	(0.510)
	Social justice orientation (0/1)	-0.062	-0.126	0.101	0.029	0.108
		(0.331)	(0.331)	(0.340)	(0.347)	(0.362)
	Organizational field, human services (0/1)	0.413	0.418	0.521	0.433	0.564
		(0.414)	(0.409)	(0.390)	(0.419)	(0.390)
	Pseudo-R^2 (estimated as square of Pearson's R)	**0.133**	**0.144**	**0.158**	**0.131**	**0.167**
	Akaike's Information Criterion	**427.57**	**426.33**	**416.45**	**423.44**	**409.99**

Table 4. Poisson regression results w/ robust standard errors (N = 128)

+p < 0.10, *p < 0.05, **p < 0.01, ***p < 0.001

Chapter 4. Shaking things up? Female Leadership and Organizational Strategy in Philanthropic Foundations.

Abstract

While many of America's largest foundations have historically been started and/or led by wealthy white men, increasing attention has recently focused on how women and women of color are changing institutional philanthropy. Leadership literature suggests that women lead organizations more communally, more collaboratively, and more democratically relative to male leaders (Klenke, 2017). Literature on women in philanthropy suggest similar dynamics – women tend to give differently, more frequently, and in greater magnitudes than men (Mesch et al., 2011; Mesch, 2010; Dale et al., 2017). Women have also been integral in the proliferation of democratized philanthropic practices like giving circles (Eikenberry, 2006). Less is known about how female leadership influences decision-making in the context of large philanthropic foundations, which – like other organizations – have engrained sets of rules, norms, and procedures that may impede leaders' ability to implement innovative organizational strategy. Across literatures - public administration, sociology, feminist studies, and organizational theory – scholars seek to understand whether and how gender influences organizational strategy and decision-making. This study contributes to that line of inquiry using survey results from 143 of the United States' largest private and community foundations (by 2018 total assets) to better understand the influence of female leadership on organizational strategy. Using logistic and negative binomial regression, this work assesses the association between women's (and women of color's) leadership and the utilization of democratizing practices in philanthropy. Overwhelmingly and across model specifications, findings indicate that neither female leadership nor female leadership of color are associated with the utilization of participatory philanthropic approaches at any degree of power-sharing with external stakeholders. The piece concludes with a discussion of potential barriers to progress among female foundation executives and their implications for democratizing traditionally hegemonic practices of institutional philanthropy.

Introduction

Women's organizational leadership across sectors has become an increasingly rich area of scholarly discourse over the past three decades. Research on women's organizational leadership suggests that women lead more collaboratively and holistically in comparison with men, but that women's advancement and ability to make change within their organizations are limited by a combination of unconscious biases regarding their abilities and by existing organizational culture that privileges the status quo (Klenke, 2017; Eagly & Johannesan-Schmidt, 2001; Eagly & Johnson, 1990; Rosener, 1990). Especially in a social change-oriented field, this implies that women may be more inclined to lead relationally, to develop partnerships with those they serve, and to adopt approaches that are innovative relative to the status quo.

Importantly, women face challenges to reaching and sustaining organizational leadership positions. A well-documented phenomenon known as the "glass ceiling"[14] describes the barriers to advancement facing women (and other marginalized identities, including people of color) across sectors and organization-types resulting from unconscious bias and institutionalized practices that favor the "company man" archetype (Lockert, 2022; Acker, 1990). Women are more likely to be confronted with doubts about their ability to be effective leaders relative to men (Eagly & Karau, 2002). Once situated in organizational leadership positions, women face further barriers to influence. One variant of this phenomenon is known as the "glass cliff", in which women are appointed to leadership positions in times of organizational instability, which may influence the amount of strategic risk they are willing to take. This is also manifested in the

[14] Eagly & Carli (2007) rightly take exception to the oversimplification that this term implies. Rather than a single transparent barrier to advancement, the reality, they assert, is that organizations are riddled with various attributes and processes that work together to create disparities between male and female promotion over time. This point is well taken, but as the central tenet of this piece is that women have already ascended to executive positions, the term "glass ceiling" is used to describe the phenomenon concisely.

pressure to conform actions to existing organizational culture and lead in ways that do not contradict gender-role stereotypes or make male counterparts feel uncomfortable (Eagly, 2020; Eagly & Johannesan-Schmidt, 2001). So, while there is evidence to suggest that women, on average, exhibit systematically different leadership qualities compared to their male counterparts, their influence is not assured due to the organizational structure in which their leadership is embedded.

One domain in which evidence suggests women have had increasing impact over the past two decades is the field of philanthropy (and, more specifically, institutional philanthropy). It has been known for the last decade that tend women give to charitable causes more frequently and to give in greater quantities (Mesch, 2010), but women have also made a sizeable footprint in terms of their process of giving as well. Since the outset of the COVID-19 pandemic, popular media has elevated stories of women in philanthropy doing big things in new ways. MacKenzie Scott's grant-making since 2020 has broken ground not just in terms of its scale, but in terms of its unrestricted approach as well (Safronova, 2021). And she is not alone: Melinda French-Gates, Priscilla Chan (of the Chan Zuckerberg Initiative), and Shira Ruderman (of the Ruderman Family Foundation) have all made significant contributions to the way that we think about women in philanthropy by giving to causes that have traditionally not caught the attention of major institutional philanthropists, like gender equity.

While individual mega-donors have received a great deal of media attention in recent years, big changes have been taking place in institutional philanthropy as well in the past decade. In contrast to institutional philanthropy's long history of white male leadership (Ahn, 2007), more women have taken control of some of the United States' most prominent philanthropic foundations. The Council on Foundations (2021) estimates that around 60%[1] of foundations are

led by women – an increase over previous years. Women of color are also leading some of the U.S.'s most high-profile foundations, a stark contrast to the sordid racial history of institutional philanthropy (Wimpee, 2021; Collins, 2019; Willoughby-Heard, 2015). La June Montgomery Tabron took the reins of the W.K. Kellogg Foundation in 2013. The Shultz Family Foundation – the philanthropic endeavor of former Starbucks CEO, Howard Schultz - tapped Tyra Mariani to lead in 2020. While the trajectory of representation in foundation leadership is positive, it is also extremely slow. Only an estimated 8.4%[15] of foundations are led by women of color (Council on Foundations, 2021). Given what is known about women's unique leadership qualities and the increasing presence of women (and women of color) in institutional philanthropic leadership positions, the question remains as to whether women are indeed leading foundations more communally and with novel philanthropic approaches. As such, this work asks:

> *Are female leaders (and female leaders of color) "shaking things up" in philanthropic foundations, using novel methods in the service of philanthropic giving?*

Participatory Philanthropy as Organizational Innovation

The novel practices to be considered in this study are participatory approaches to philanthropy, which arose roughly in parallel with the rise of women's leadership in philanthropy and are increasingly prevalent in the field of philanthropy (particularly in grant-making public charities). Participatory approaches to philanthropy buck the traditional model of charitable giving by involving historically marginalized beneficiaries in decision-making processes around

[15] This is likely an overestimate of the true value. The Council on Foundations is one of the only entities that produces this type of research, which provides an important look into this understudied organizational entity. But the publicly available survey findings include private, community, and ***public*** foundations and does not allow the consumer to disaggregate by these foundation types. Further, respondents are members of COF that can opt into the survey at will, leading to some concern of selection bias. The other major contributor to this body of knowledge, CHANGE Philanthropy conducts a similar survey regarding foundation personnel demographics, but also uses convenience sampling and opt-in responses.

giving priorities and grant-making (Husted, Finchum-Mason, & Suárez, 2021; Gibson, 2017). Participatory approaches to philanthropic giving range from soliciting feedback from external stakeholders to devolving decision-making authority to those stakeholders. This model of philanthropy runs counter to the established order in institutional philanthropy, which has historically been criticized for its particularism (differentially bestowing benefits to specific groups privileged by the foundation) and paternalism (privileging internal perspectives on social challenges and appropriate solutions) (Hammack & Anheier, 2013; Hall, 2013). The implication of particularism and paternalism in foundations is that they potentially crowd out the perspectives of those with lived experience, including those who face structural oppression.

Participatory philanthropy seeks to build meaningful relationships between the foundation and its beneficiaries and to turn the traditionally top-down accountability structure between foundation and grantee into a bilateral accountability dynamic (Gibson, 2017). Notably, this model of philanthropy has a significant degree of philosophical overlap with feminist philanthropy – practices that are designed to identify and tackle power asymmetries that sustain structural oppression (Bosch & Bofu-Tawamba, 2019). The COVID-19 pandemic presented an important moment to see this type of change in action and to verify that it could be implemented effectively. At the beginning of the COVID crisis, foundations worked in concert with grantees and communities to determine how best to allocate emergency resources and limit burdensome restrictions and accountability requirements. In response to the struggles grantees faced, foundations provided unrestricted funding, increased communication, and minimized or eliminated reporting requirements (Finchum-Mason, Husted, & Suárez, 2020). The procedural changes foundations made during the crisis showed that including stakeholders in decision-making processes and building relationships with the communities they serve could be done

while simultaneously preserving foundations' mission orientation. At this point, it remains unclear whether foundations have institutionalized these practices and sought to create more purposeful relationships with external stakeholder through participatory approaches, but the pressure that foundations face from nonprofits and community advocates to democratize their giving practice remains strong.

Participatory Philanthropy & Women's Leadership

Given that collaboration and participation have been repeatedly shown to be hallmarks of women's leadership relative to men's leadership (Eagly & Johannesan-Schmidt, 2001; Rosener, 1990), it is plausible that – absent any countervailing institutional forces – female leaders will be more likely to support the implementation of process-oriented interventions like participatory philanthropy. The assumption no countervailing institutional forces is obviously non-trivial. The impediments to women's advancement and success in organizational leadership positions are many and varied. The key impediment in institutional philanthropy, I argue, is a reliance on existing organizational practices that focus on a discourse of outcomes and impacts rather than collaboration, procedural justice, and equity.

This study focuses on scenarios in which women occupy the highest levels of operational leadership in philanthropic foundations, this piece seeks to contribute to discussion surrounding two fundamental questions. The first question is: Does evidence suggest that women (and women of color) in leadership positions have material effects on the strategy that an organization uses to achieve its mission? The second question is related to the peculiarities of the foundation form: Given the degree of hierarchy in many large American foundations, should we expect that women are going to not only have the will to democratize giving practices through participatory philanthropy, but also the ability to overcome organizational inertia in the process of doing so?

At its core, this paper tests the notion that, due to long histories of marginalization in institutional philanthropy, women (an women of color) are poised to bring a unique perspective characterized by collaboration and inclusion to the practice of institutional philanthropy.

This work aims to make several contributions, the first of which is to improve scholarly understandings about female leadership's relationship to organizational strategy (and the countervailing forces at work in this relationship). The second contribution is to provide a window into an organizational entity that is understudied in empirical literature, the philanthropic foundation. Finally, this work seeks to improve understandings of the antecedents of whether and how foundations engage in participatory philanthropy. This is an increasingly important end as public trust in established philanthropic institutions wanes (Independent Sector, 2022) and there are growing calls for more democratic, egalitarian methods of governance.

This work begins with a brief review of extant leadership literature, including research on whether and how organizational leaders matter as well as research on women's leadership in corporate governance and gendered organizations. Based on current understandings of women's leadership, I generate theoretical expectations as to whether and how women's leadership impacts organizational strategy, specifically the adoption and extent of utilization of participatory philanthropic approaches. Then, the data and methods used to test the research questions are described. Findings of the logistic and negative binominal regression models are presented, and the implications and limitations of these findings subsequently discussed. The piece concludes with an examination of how these findings speak to existing knowledge about the relationship between gendered leadership and organizational strategy as well as the most fruitful avenues for future research.

The Importance of Organizational Leadership

Theories of leadership are fundamental to understanding the potential influence that female foundations executives have in determining organizational strategy. A long history of theories postulates how and why leaders matter, but much of the current empirical literature on leadership focuses on three pieces of the leadership puzzle and their impact on leadership effectiveness: (1) leadership traits, (2) leader behaviors, and (3) the organizational and environmental contexts in which leaders are situated (Kelloway & Gilbert, 2017; Yukl, 1989). Trait theories of leadership emphasize consistent differences in how individuals think and act that are argued to impact leadership behaviors and leadership effectiveness, broadly construed (Foti, Allgood, & Thompson, 2013). Personality types, degrees of "other orientation", and individual motivation have been the foci of most of the empirical work in this area, but more recently, the widespread recognition of gender and racial disparities in organizational leadership has precipitated a focus on these traits and their connection to leadership.

As scholars acknowledged the limitations of leadership traits in terms of explaining organizational outcomes, the focus shifted to leadership behaviors. Early large-scale, empirical studies on leadership behaviors focused on leaders' ability to create relationships of mutual trust and respect with subordinates ("consideration") and to create organizational roles based on goal-attainment ("initiating structure") (Kerr et al., 1974). The popularity of this taxonomy has diminished over the years in favor of more comprehensive frameworks of leadership behavior. Much of the recent empirical work focuses on the spectrum of leadership behaviors ranging from *transactional* to *transformational* leadership (Bass, 1985, 1990). Transformational leadership reflects practices that prioritize the interests of both subordinates and the organization, that encourage high achievement in subordinates through goal setting, that challenge subordinates to

innovate, and that respect individual strengths and weaknesses (Kelloway & Gilbert, 2017). In contrast, transactional leadership is reliance on exchange between leader and subordinate. Although many of the characteristic examples of "bad" management are examples of transactional leadership, the concept has several variants. Leaders that look for subordinate mistakes and demonstrate primarily reactive behaviors are considered transactional and there is quite a bit of evidence to suggest that this approach has negative overall effects on subordinate outcomes (Aarons et al., 2015; De Hoogh et al., 2005; Bass & Riggio, 2006; Riggio, Bass, & Orr, 2004; Judge & Piccolo, 2004). Leaders that strategically deploy rewards and incentives and provide targeted feedback to subordinates are considered transactional, but research suggests that this leadership style can be effective depending on the circumstances (Bycio et al., 1995).

Circumstances, including organizational and environmental context, are argued to moderate the relationship between traits, behaviors, and effectiveness. One theoretical framework that emerged in the 1960s to characterize these moderating variables is the *Contingency Model of Leadership Effectiveness* (Fiedler, 1978). Early tests of this model explored the relationship between group dynamics and leadership effectiveness, defining the outcomes in terms of subordinates' reports of satisfaction, group performance, and individual subordinate stress (Ayman, Chemers, & Fiedler, 1995). Additional contingencies revealed to impact leaders' power, influence, and effectiveness include leader-subordinate relationships, task structure and complexity, and the degree of power the leader holds by virtue of their position in the organization. As De Souza (2020) notes, the extent to which Fiedler's contingency model generalizes to female-led organizations may be questionable given that most empirical examinations (both field and laboratory experiments) featured only male-led organizations.

The relationship between organizational leadership and strategy, and particularly how organizational leadership influences the actions the organization takes to demonstrate accountability to external stakeholders is not well-explored. There is some recent research connecting experimental trainings on transformational leadership behaviors with leaders' preparedness to implement innovative evidence-based practices in mental health organizations (Aarons et al., 2015). Other evidence suggests that managerial practices can contribute positively to fostering creativity and innovation in the organization's work (Anderson, Potocnik, & Zhou, 2014; Amabile & Conti, 1999). It is the relationship between leadership and strategy that this work seeks to address.

Female Executive Leadership & Organizational Strategy

A central question regarding the need for diversity in leadership is simply: What do women bring to the table that is unique relative to their male counterparts? Or, in the parlance of existing leadership theory, what are the leadership behaviors that correlate with the female leadership trait? Since the 1990s, ample empirical literature has emerged to address this question. Much of what is known about women's leadership, its effect on organizational strategy, and the organizational impediments to women's unique influence comes from the business and management literature and focuses on private, for-profit organizations. The sum of these findings reflects three key ideas:

First, women bring unique capacities to leadership. Deriving from social role theory, the old trope of gender-stereotyped leadership is that male leaders are more agentic – individual, dominant, and assertive - where female leaders are more communal – which espouses a logic of individual subservience and care for others. The reality of gender-stereotyped leadership is not quite so straightforward, but for all intents and purposes, evidence does support the idea that

female leadership styles are more collaborative and democratic as compared with male leadership styles (Eagly & Johnson, 1990). Eagly and Johannesan-Schmidt (2001) find that female leaders exhibited more transformational leadership attributes (e.g., generating feelings of respect between themselves and their employees, having an optimistic future-orientation, creating mentorship structures), where male leaders exhibited more transactional leadership traits, but that women also tended to give employees more performance-related rewards. Evidence suggests that male leadership relies more heavily on centralized authority structures, where female leadership emphasizes collaboration and participation to a greater degree (Rosener, 1990). A Pew Research Center survey (2015) about women and leadership revealed that most Americans do not believe there are substantive differences in male vs. female capability as leaders but do believe that women in both public and private leadership are more compassionate, more inclined to compromise, and more organized.

Despite these differences, women still face barriers to entry and barriers to advancement within many organizations - public and private. Klenke's (2017) analysis reflects some concerning statistics about women's representation in C-suite level positions in corporate America. In 2015, only an estimated 4.4% of executive leaders in Fortune 500 companies were women (Klenke, 2017). In the public sphere, Carli and Eagly (2001) noted that, by 2001, just 42 women had ever occupied positions as Presidents or Prime Ministers and that the bulk of those terms only happened in the 1990s. Joan Acker's (1990) theory of *gendered organizations* is also instructive in understanding the forces working against women's leadership in organizations. Gendered organizations feature processes and schemas that reproduce patriarchal values and reinforce gender inequities. Scholars in this domain argue that the structure of the organization, rather than individual attributes of men and women, respectively, impacts women's outcomes in

the organization (namely, advancement within the organization, which was the focal inequity at the time this literature was developed). This is a relevant point because, if leadership positions are difficult to obtain, female leadership may feel as if their position is more precarious and, thus, be less willing to do anything to jeopardize that position (Baker & Hassan, 2021).

Finally, once occupying positions of authority, women face structural barriers to influence in organizations. From a management perspective, Klenke (2017) explores how the degree of hierarchy within organizations is associated with women leaders' ability to make change within the organization, arguing that "flatter" organizations with a greater focus on organizational learning can facilitate women's unique influence. Gendered organizations literature also argues that the adoption of rational-technical logics in traditional hierarchical organizations reifies assumptions about gender and work, oftentimes making men the default or "ideal worker" and exacerbating gender inequity in the workplace (Acker, 1990). Recent work has sought to update the gendered organizations framework considering the volatility of modern work realities like frequent turnover, still finding many of Acker's propositions – like gendering organizational logics – to be valid (Williams, Muller, & Kilanski, 2012). In institutional philanthropy there is not just one organizational logic at play, but rather the separate, but often intersecting logics of paternalism (the idea that the foundation does *for* others, not *with* others) and professionalization (that logic that expertise can lead to effectiveness) threaten to alienate processes that are more communal, participatory, and power disrupting in nature. Another source of friction to women's influence in organization is the tension between job roles and gender-socialized roles, namely how women are perceived when they subvert traditional gender roles to meet the implicitly gendered expectations of their job role. Some evidence suggests that the tension between women's job roles and gender-socialized roles can lead to negative evaluations

of their leadership effectiveness, which may incentivize women leaders to act like their male peers (Eagly & Karau, 2002; Eagly & Johannesan-Schmidt, 2001).

Some evidence suggests that women's leadership can begin to unravel gendered dynamics in organizations, but that their ability to do so is highly contingent on organizational and individual factors. Stainback and colleagues (2016) find that female leadership at the executive level and in the Board of Directors of Fortune 1,000 firms was significantly associated with lower gender segregation in the workplace and a greater number of women occupying managerial positions. In the representative bureaucracy space, Baker and Hassan (2021) highlight a tension between tenure and willingness to use decision-making discretion in the service of representation. Female prosecutors, they argue, reach positions of power that could easily be jeopardized should they choose to go against long-standing department procedures, but they find that female prosecutors with more experience in the field take concerted measures to actively represent the interests of female victims of domestic violence (Baker & Hassan, 2021). These three ideas (unique female leadership behaviors, organizational barriers to entry and advancement, and organizational barriers to influence) are critically important to inform understandings of how female leadership in foundations should impact the actual strategies that foundations take in the service of their missions.

A key distinction, though, is the flexibility of the organizational form. Nearly all the gender and leadership literature focuses on women in the for-profit sector, public organizations and agencies, and elected leadership. Philanthropic foundations are decidedly different from these types of scenarios in that they are private organizations with significant leeway to dictate their own priorities and methods with no obligation to take into account the perspectives of external stakeholders (Hammack & Anheier, 2013). They are only beholden to the stipulations of

their tax-exempt status, requiring an annual minimum payout and avoidance of political lobbying activities. However, foundations are also legally defined as public interest organizations. They are required to disperse funds for "charitable purposes", often to address societal challenges of all kinds. While not legally accountable to their beneficiaries, they may be incentivized to establish mutual accountability relationships with the communities they serve because the extent to which foundations meaningfully engage and build relationships with their beneficiaries is arguably related to their ability to make social change. Some research has found that, though private foundations' priorities and strategies tend to lean in favor of the original donor's intent, foundations have the potential to be agile and somewhat responsive to social demands (Irvin & Kavvas, 2020). On the other hand, unlike the for-profit sector, the outcomes that foundations seek are often not easily measured, which makes any objective assessment of leadership effectiveness much more difficult. This uncertainty may cause leaders to avoid treading new ground.

Women in Philanthropy

As noted in the Introduction, there has been increasing attention to women's leadership roles in philanthropy and social activism in recent years. Historically, women-directed philanthropy grew out of the feminist movements of the 1970s and aimed to build political power by almost exclusively funding organizations that supported women and girls (Gillespie, 2019). Research shows that the number of female-oriented foundations and funds increased precipitously from the 1990s through the 2010s. Engaging a diverse cross-section of women in terms of race and socioeconomic status, women's funds often espouse a social change philosophy and implement more inclusive approaches to philanthropy that aim to share power with historically marginalized communities.

Related to the emerging literature on female-oriented foundations and funds, is a line of research on the mechanism of giving circles. While not an exclusively women-oriented phenomenon, this giving mechanism tends to attract more female donors (Eikenberry, 2006; 2009). Giving circles are designed to engage donors in the decision-making processes around charitable giving and building donor leadership capacity. This philanthropic model is argued to be a democratizing philanthropic force (Bearman et al., 2017; Eikenberry, 2009) that builds relationships between donors and historically marginalized communities (Carboni & Eikenberry, 2021). One of the important distinctions about this mode of giving is women's ability to convene in the interests of collective giving (Gugerty & Husted, 2019) either through giving networks or through more diffuse giving circles. These collectives thrive on active participation and learning of female donors rather than a passive funneling of resources.

Scholarly inquiry on gendered differences in charitable giving centers predominantly on individual giving and its drivers. Across multiple studies and research contexts, women have been found to give more (Mesch et al., 2011; Mesch, 2010) and they have been found to give to marginalized groups, like women and girls (Dale et al., 2017). Dale and colleagues (2017) also find that an important impetus for women's giving to women is collective identity, the personal experience of gender inequality drives women to support other women. While these are extremely telling findings, they do not necessarily capture how female leadership should influence philanthropic strategy in the context of large philanthropic foundations – organizations whose target populations tend to go beyond women and girls. The consequences of female leadership in terms of philanthropic strategies remain underexplored. This study seeks to fill that knowledge gap, asking the question:

Research Question 1: Do women-led foundations engage in more participatory approaches to philanthropy?

Two important ideas elucidated by the current literature on women and philanthropy are that women give more and that women are more likely to give collaboratively (in community with other donors and in partnership with grantees), which is consistent with what is known about women's leadership in other fields. Evidence suggests that women's giving privileges relational, democratizing approaches to philanthropy. Thus, female leaders in philanthropic foundations may be more inclined to democratize the practice of giving, opening more participatory opportunities and increasing the degree of power-sharing between the foundation and its beneficiaries.

Hypothesis 1A: Foundations led by women will by more likely to engage external stakeholders in governance and grant-making compared to foundations that are not led by women.

Hypothesis 1B: Foundations led by women will engage external stakeholders in more aspects of governance in grant-making than foundations not led by women.

Importantly, though, this literature predominantly describes individual donative behavior and the use of giving circles, which tend to be small-scale, and therefore does not consider the organizational context of the foundation. While foundations arguably have the potential to be more flexible than other bureaucratic institutions (government agencies or corporations), existing organizational culture tends to introduce its own inertia, potentially leading to more resistance to adopting new practices. While little is known about the experiences of women in philanthropic foundations specifically, one study indicated that the "glass ceiling" was a very real issue – female staff who came on as program officers faced considerable barriers to advancement and over 54% of women surveyed indicated that they had witnessed glass ceiling impact (Batts,

2000). This inertia may also come into play as female leaders try to buck the traditional philanthropic model.

Intersections of Gender and Race in Philanthropy

In the past decade, the concept of intersectionality has permeated how we think about marginalization impacts different identities. Rather than assuming a monolithic "women's experience", intersectionality highlights how different constellations of gender, race, and socioeconomic status (among nearly infinite attributes of human identity) impacts how individuals experience the world and particularly the marginalization that they face (Crenshaw, 1991). In recent years, there has been both an increasing recognition of the importance of intersectionality among women's funds (Bosch & Bofu-Tawamba, 2019) as well as increased racial equity focus in the organized giving space (Gillespie, 2019). These trends raise the question:

> *Research Question 2: Do foundations led by women of color engage in more participatory approaches to philanthropy?*

Both cultural and individual levels are instructive in generating expectations about this association. At the cultural level, there are also documented histories of Black and Native women in America that suggest their models of giving have the potential to disrupt current practices in institutional philanthropy. Tyrone Freeman's (2020) recent exploration Black women's philanthropy at the end of Reconstruction era and the beginning of the Jim Crow era, *Madam C.J. Walker's Gospel of Giving: Black Women's Philanthropy during Jim Crow*, highlights a giving ethos centered on supporting collective action and economic autonomy in Black communities. Freeman's biographical analysis shows a model of philanthropy that starkly

contrasted with the scientific models of philanthropy that burgeoned at the end of the 19th century and beginning of the 20th century. Further, the Association of Black Foundation Executives' (ABFE) President and CEO, Susan Taylor Batten, emphasizes the importance of reforming modern institutional philanthropic practices to be more responsive to the needs of Black communities (Indiana University Lilly School of Philanthropy, 2019). Similarly, Native American communities' philanthropy is undergirded by a strong community logic, exemplified by mutual assistance and pooled funds for community development (Abalo, Engwis, & Martin, 2022). Indigenous-led funds are guided by principles of community empowerment and the desire to break down silos of power by shifting decision-making to Indigenous people (Scott-Enns, 2020).

At the individual-level, the idea of intersectionality suggests that, by experiencing marginalization in more than one aspect of identity, female leaders of color would have an even greater motivation to challenge existing power dynamics and bridge meaningful relationships with external stakeholders. But female leaders of color may experience augmented pressure to conform to perform competency to boards and donors by strictly adhering to existing institutional mores and may, therefore be less likely to try to implement democratizing philanthropic strategies. This work tests the following hypotheses:

> *Hypothesis 2A: Foundations led by women of color will by more likely to engage external stakeholders in governance and grant-making compared to foundations that are not led by women of color.*
>
> *Hypothesis 2B: Foundations led by women of color will engage external stakeholders in more aspects of governance in grant-making than foundations not led by women of color.*

Methods & Data

Data

Data for this study come from a 2020 survey of the 500[16] largest private and community foundations in the United States. This survey was designed to characterize the landscape of stakeholder participation practices that foundations had utilized in the past two years (2018-2020). Outreach was directed primarily at Chief Executive Officers, Executive Directors, or Directors of Grant-making as these individuals were thought to have the most comprehensive picture of the foundation's governance and grant-making processes. Surveys were distributed online between May 2020 and January 2021, during which time the research team conducted multiple rounds of follow-up to enhance the likelihood of response. Overall, 148 foundations completed the survey yielding a response rate of 30.3%. For more detail on how the analytic sample compares to the overall sampling frame, see Appendix 4A.

Outcomes

Participatory philanthropy can be roughly defined as generating a relationship of mutual accountability between funder, grantees, and the communities they seek to serve, in contrast to the transactional relationships that have characterized the sector over the past decades. Survey questions inquire about how stakeholders participate in different processes of governance and grant-making. Importantly, this study focuses exclusively on external stakeholders – grantee nonprofits, communities directly affected by the foundation's funding, non-grantee nonprofits and community-based organizations, and members of the public.

There are two important dimensions of the "how" as well, the degree of power-sharing between foundation and stakeholder and the processes in which the stakeholder is engaged. Degree of power-sharing is grouped into categories representing low and high engagement

[16] Due to organizational consolidations and changes of legal status between the time at which the sampling frame was assembled and the survey was implemented, the number in the final sampling frame ended up at 489.

respectively. Low engagement is characterized by consultation with or involvement of external stakeholders, both of which necessarily imply unilateral exchanges of information. In this condition, foundations obtain information from stakeholders via surveys (example of consultation) or advisory groups (example of involvement), but there is no guarantee that the information stakeholders provide influences governance and grant-making decisions. High engagement occurs when foundations cede decision-making power to stakeholders and can look like community grant-making boards (as organizations like the Haymarket Fund have been doing since the mid-1970s, see Ostrander, 1997). Finally, there are different governance and grant-making processes in which foundations may engage stakeholders, including: setting organizational priorities, outlining elements of the grant process (e.g., RFPs, decision-rules), determining who the foundation funds, and determining post-grant evaluation procedures.

The present study operationalizes participatory philanthropy in four ways that capture the nuance of what mutual accountability looks like for different foundations: (1) whether or not a foundation consults with or involves external stakeholders, (2) the number of governance and grant-making activities in which a foundation consults with or involves external stakeholders, (3) whether or not a foundation confers decision-making authority upon external stakeholders, and (4) the number of governance and grant-making activities in which a foundation shares decision-making power with external stakeholders. Consultation and involvement are referred to as "low power" activities, highlighting the fact that conducting this type of work does not necessarily mean that the participant's interests will be represented in foundation decision-making. Conferral of decision-making authority is alternatively referred to as "high power", as it represents a full redistribution of power from the foundation to those it serves relative to a particular process. Outcomes at low and high levels of power-sharing are tested in separate sets of models under the

assumption that consultation or involvement may be a "lighter lift" for foundations leaders to justify as they do not necessarily introduce any perceived challenges regarding foundation accountability relative to their tax-exempt status (i.e., foundations may see sharing decision-making power as difficult to reconcile with the Internal Revenue Service's requirements for private foundations regarding vetting grantees).

Explanatory Variables

The three key explanatory variables in this study are (a) whether a foundation is female-led, (b) whether the foundation is led by a person of color, and (c) whether the foundation is led by a woman of color (an interaction of the two previous terms). Information regarding foundation staff and leadership was found via a systematic manual scraping of websites and IRS 990-PF filings. In many cases, the foundation's website was sufficient to identify staff and leadership and to obtain information regarding their approximate race and gender. Where the information provided on the website was insufficient, data was obtained from LinkedIn in or (in very rare cases) from a systematic web search/social media aggregator (e.g., Spokeo). Five of the 148 responding foundations were found not to have any staff or executive leadership whatsoever, only a Board of Directors, leaving an effective analytic sample of 143 foundations. There are no foundations in this analytic sample for which the identity of leadership could not be ascertained, or the race/gender of leadership approximated.

The limitations of identifying race/ethnicity and gender by image must be noted. Images belie the complex realities associated with often simplified phenotypes. Screenshot images of foundation leaders and staff were obtained so that race and gender could be verified among multiple coders, but this only goes so far as to solve the issue of agreement regarding the individual categorization (reliability). It will not necessarily solve the issue that racial identity is

a complex social construct that is often distilled for analytic convenience into tractable categories. The same can be said of gender categorization, which is increasingly recognized in the social world as a spectrum, rather than the historical male/female dichotomy. While unique racial and gender identities carry different experiences of marginalization and lived experience that may inform the way that the individual approaches their work, one of the most politically salient differences given the history of institutional philanthropy is the dichotomy between white individuals and people of color.

Another danger with this method of estimating race is simply that the incorrect assignment to a gender or racial category (i.e., a person is mislabeled as a male leader when they identify as a female leader). To the greatest extent possible in the data collection (i.e., where the opportunity was available), I relied on multiple sources of information to triangulate race and gender. In many cases, this involved relying on the pronouns used in executive biographies on foundation websites or indications of racial identification on LinkedIn profiles (e.g., attending a historically Black college/university, membership in organizations like the Association of Black Fundraising Executives). Despite these measures, the threat to the validity of the variable remains and, to the extent that either race or gender were systematically miscategorized, this could influence the validity of the conclusions.

Controls

Several organizational factors are thought to modulate the to which foundations use participatory approaches independent of organizational leadership or that may impede/augment executive autonomy. To minimize omitted variable bias to the greatest extent possible, the models in this study control for:

- **Private foundation.** Previous work using this data found that private foundations are less likely to utilize participatory approaches to philanthropy and that private foundation status is associated with using fewer participatory opportunities in governance and grant-making (Husted, 2021). Foundation type is measured as a binary variable of whether a foundation was identified as an independent, family, operating, or corporate foundation (1) or as a community foundation (0).

- **Foundation transparency.** Foundations have several avenues for demonstrating accountability at their disposal, including social media, posting financial documents, joining accountability and watchdog platforms (e.g., GlassPockets, GuideStar – now, Candid), and posting annual reports illustrating investment and impact on their own website. This variable is a count index of the number of transparency features that foundations use. It was constructed through a systematic scan of foundation websites and social media pages. While foundations are under no obligation to show accountability in this fashion, some foundations do this in response to public accusations of black-box decision-making. Other foundations do it as a means of connecting to their external stakeholders. Foundations that are more transparent may be more likely to see their foundation as accountable to those they serve and, therefore, to utilize participatory methods.

- **Professionalization.** Professionalization is estimated by the administrative expense ratio, or the proportion of total expenses allocated to staff salaries (in 2018). While the relationship between professionalization and participatory philanthropy is not well understood at this point, various measures of professionalization have been shown to be

significantly associated with the extent to which a foundation utilizes participatory technologies. One line of thought suggests a negative association; participatory approaches involve an ethos of "doing with" rather than "doing for", which stands in contrast to the idea of professionalization, which privileges specific domains of knowledge (Skocpol, 2003). Another line of reason suggests a positive relationship; just as professionalization diffuses through institutional isomorphism and becomes an increasingly common organizational attribute (Hwang & Powell, 2009), so too might participatory processes. Otherwise stated, as stakeholder participation becomes increasingly common, it may simply be seen as the "right" way to do philanthropy.

- **Degree of degree of donor control**. Legacy foundations often aim to adhere to the will of the original donor. Donor intent may be a strong countervailing force against the more modern, progressive phenomenon of participatory philanthropy. While 74% of independent, family, and operating foundations' donors in this sample are no longer living, living donors may exert nontrivial influence over governance and grant-making decisions through active involvement in foundation operations. Our survey captures this dynamic in a series of questions on donor involvement, beginning with the question in Figure 14 below.

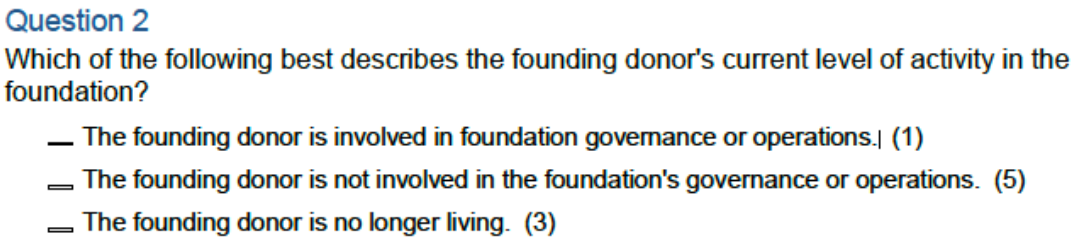

Figure 14. Example donor control question

For foundations that indicate the initial donor's involvement we follow up with separate questions that gauge the level of involvement in governance and grant-making on a zero-to-ten scale (0 = not very involved, 10 = extremely involved). The control variable is a three-way interaction term between a binary measure of having an original donor (1 if the foundation is an independent/family foundation or an operating foundation, 0 if otherwise), a binary measure of indicated donor involvement per Question 1 above, and a numerical indicator of the average level of donor involvement in governance or grant-making (arithmetic mean of the two donor-involvement ranking questions). For the last piece of the interaction, I added a constant of one to all each of the ranking scales so that a value of zero in the final interaction term was a pure indicator of no donor involvement.

One major limitation here is that we cannot estimate the degree to which legacy foundations adhere to the will of deceased original donors or even the degree to which a living, uninvolved donor's intent influences foundation operations and strategy. The implicit assumption in our survey question is that a deceased donor does not influence the foundation's approach nor does an uninvolved, living original donor, which may not be the case. Certain family foundations, for instance, are known to limit the scope of their

organizational priorities and grant-making portfolios based on the interests of the founder, i.e., if the foundation' original thrust was collecting art or subsidizing artists in residence, the trajectory of the foundation tends to remain oriented towards these very specific goals.

- **Social justice orientation**. Participatory philanthropy extols principles of social justice, equity, democratization, and sharing power with groups that have been historically marginalized. As such, foundations that have a social justice focus should be more likely to utilize these methods and should use them to a greater extent than foundations with more general or entrepreneurial focus. Social justice orientation is a binary variable constructed by qualitatively coding organizational mission statements derived from websites, Candid profiles, or IRS documents. Mission statements using terms common to social justice movements, such as "equity", "power sharing", "rights", "identity", et cetera[17], were assigned a value of one.

- **Gender composition of program staff.** Measured as the logged proportion of program staff members who were identified as female, this term controls for the representative function that program staff play in advocating for the needs of beneficiaries with whom they develop deeper relationships and understandings (Buteau et al. 2017; Buchanan, 2015). This variable also potentially captures the idea that a foundation with a greater

[17] "ABC's of Social Justice" from the Department of Inclusion & Multicultural Engagement at Lewis & Clark College provided the full dictionary of terms used to discriminate social justice-oriented foundations from generalists or other substantive focus areas.

proportion of female staff occupying professional positions would provide a more permissive environment for female leadership.

- **Total assets.** Logged total assets is included here as a measure of organizational capacity, to control for the possibility that more resource rich foundations can allocate those resources to participatory processes, which often involves a great deal of time and human capacity. Foundations with more resources may also be less risk averse and willing to experiment with novel methodologies.

- **Staff size**. A continuous measure of the number of staff members (executives, senior leadership, program, and administrative staff) was originally included in the models, but the correlation between this term and the measure of total assets were extremely highly correlated. For this reason, a dichotomous indicator of whether the foundation's staff size equals or exceeds the median staff size for this same (7 staff members) was used. This term addresses the concern levied by nearly half of responding foundations – that one of the key barriers to implementing participatory approaches was a lack of organizational capacity (Husted, Finchum-Mason, & Suárez, 2021). Foundations with more staff may be better situated to dedicate human resources to these often-time-consuming processes.

Two other constructs that are theoretically related to the propensity to utilize participatory approaches are foundation age and organizational field. **Age** is thought to be related in one of two ways, either older foundations have the slack to innovate and can allocate resources accordingly (making older foundations more likely to utilize participatory methods) or older

foundations may have greater degrees of inertia due to established preferences (making older foundations less likely to use participatory methods). **Organizational field** is also thought to influence how a foundation approaches their work; foundations that primarily work in the human services subfield might operate with a more egalitarian ethos, thus increasing the propensity to utilize participatory methods. Both terms were found to negatively impact model fit (increasing AIC relative to the control model with no additional value in terms of explained variance), therefore neither of these terms were included in the final model specifications. Correlation matrices are provided in Appendix 4B. The only correlation value that raises potential concerns of multicollinearity was between number of staff and log of total assets (Pearson's r = 0.703). For this reason, variance inflation factors were calculated for all models and revealed no further concerns of multicollinearity (i.e., all VIF statistics were significantly less than five).

Estimation Strategies

Logistic regression is used to estimate the association between female (and nonwhite female) leadership and the binary measures of whether a foundation had consulted with/involved external stakeholders in governance and grant-making. Negative binomial regression estimates the association between leadership and the extent to which the foundation engages external stakeholders (count of participatory activities) at high and low levels of power-sharing. Negative binomial regression was selected over other means of modelling count data (like Poisson regression with robust standard errors) following assessment of standardized residuals and likelihood ratio tests.

Findings

This section presents descriptive statistics for all outcomes, explanatory variables, and control variables. Results are presented beginning with the lower form of power-sharing: stakeholder consultation and involvement. Each section begins with an overview of logistic regression models estimating the association between female leadership, female leadership of color and the propensity to utilize of stakeholder participation practices. Subsequently, negative binomial regression models estimating the association between female leadership, female leadership of color, and the extent of utilization of participatory approaches are presented.

As Table 8 illustrates, the vast majority (90.21%) of foundations report utilizing at least one type of stakeholder consultation or involvement mechanism in their governance or operations. This value and the implications of its magnitude are examined further in the Discussion section. Out of a total of 16 possible activities in which stakeholders could be consulted or involved (16 x 2 = 32 possible activities overall in this outcome), foundations consulted or involved stakeholders in an average of 8 activities, but there was significant variability among foundations (SD = 6.15). Overall, this distribution was positively skewed; many foundations reported doing very little stakeholder consultation or involvement, but a few foundations reported that low-power stakeholder participation practices were built into almost all aspects of their governance and grant-making. In stark contrast to the relative frequency of consultation/involvement, just over 31% of foundations indicated that they shared decision-making authority with external stakeholders. Those foundations that do share power with external stakeholder in this way only report doing so in an average of 0.96 (SD = 2.03) aspects of governance or grant-making. The variability is quite high here, but essentially captures a couple of outlying foundations that feature stakeholder participation as a central tenet of organizational governance.

In terms of organizational leadership, just over 51% of foundations were found to have at least one female executive (CEO, ED, et cetera). Similarly, the average proportion of female program staff in these foundations was around 55%. Emblematic of the racial gap that still exists in institutional philanthropy, only 11.19% of foundations have a female executive of color. Many of the foundations in this sample (76%) are private foundations (including independent, family, corporate, and operating foundations) – the remainder are community foundations. The present sample features fewer private foundations than the sampling frame (89%). This sample is also transparent in their governance and operations, adopting an average 3.45 (SD = 1.46) transparency indicators such as posting annual reports or participating in charity evaluation platforms. Importantly, the foundations that responded to the survey have a much higher average degree of transparency compared to nonrespondents (Mean = 2.24, SD = 1.45), a difference that is considered further in the Conclusion. Foundations have an average administrative expense ratio of 0.27 (SD = 0.19) and median total assets of $463,025,100 (SD = $1,904,871,000), which mirrors the sampling frame overall.

Descriptive Statistics

Table 8. Descriptive Statistics for Sampled Foundations (N = 143)

		Mean (or %)	Standard Deviation	Median	Minimum	Maximum
Outcomes	Proportion of foundations that consult or involve external stakeholders.	90.21%				
	Proportion of foundations that share decision-making power with external stakeholders.	31.47%				
	Number of activities in which foundation consults or involves external stakeholders	7.99	6.15	7	0	31
	Number of activities in which foundation shares decision-making power with external stakeholders	0.96	2.03	0	0	14
Explanatory Variables	Proportion of foundations with (at least one) female Executive	51.75%				
	Proportion of foundations with (at least one) nonwhite Executive	18.18%				
	Proportion of foundations with (at least one) nonwhite, female Executive	11.19%				
	Proportion of private foundations	76.22%				
Controls	Transparency index	3.45	1.46	4	1	6
	Professionalization	0.27	0.19	0.22	0.02	1
	Degree of donor control	0.89	2.63	0	0	11
	Social justice orientation	19.6%				
	Proportion of female program staff (logged)	0.49	0.21	0.56	0	0.69
	Total assets (2018, logged)	20.23	0.85	19.95	19.31	23.33
	Staff size >= median (dummy variable)	60.14%				

External Stakeholder Consultation & Involvement

Logistic Regression

The first set of models explores the question: Is female foundation leadership associated with greater likelihood of utilizing low-power participatory approaches like stakeholder consultation and involvement? Table 9 presents logistic regression findings assessing this relationship. Neither female executive leadership nor female, nonwhite executive leadership significantly predict whether a foundation utilizes consultation or involvement in their governance and grant-making repertoire. Foundation transparency was found to be significantly positively associated with the utilization of stakeholder consultation and involvement approaches, factoring in female leadership and nonwhite leadership, respectively ($p < 0.10$). This indicates that foundations that are more likely to be publicly open about their governance characteristics are also more likely to consult with and involve external stakeholders.

Table 9. Logistic regression coefficients, binary consult/involve outcome

Variable	Control Model	Female Leadership Model	Nonwhite Leadership Model	Nonwhite, Female Leadership Model
Female Executive	-	1.200 (0.763)	-	1.206 (0.772)
Nonwhite Executive	-	-	16.871 (3079.13)	17.736 (5373.37)
Nonwhite, Female Executive	-	-	-	-2.138 (6560.69)
Private Foundation	0.557 (1.393)	0.576 (1.416)	0.453 (1.401)	0.463 (1.440)
Transparency Index	0.707* (0.349)	0.688^{+} (0.359)	0.632^{+} (0.350)	0.597 (0.367)
Professionalization	-1.462 (1.309)	-1.313 (1.342)	-1.486 (1.319)	-1.313 (1.356)
Degree of Donor Control	-0.001 (0.112)	0.040 (0.117)	-0.013 (0.112)	0.034 (0.117)
Social Justice Orientation	16.723 (1918.01)	16.539 (1893.74)	17.447 (2996.91)	17.369 (2982.82)
Proportion Female Program Staff (logged)	1.821 (1.492)	1.681 (1.568)	1.744 (1.513)	1.629 (1.587)
Total Assets (2018. Logged)	0.603 (0.720)	0.790 (0.750)	0.535 (0.712)	0.732 (0.734)
Staff Size over Median (binary)	-0.509 (0.874)	-0.795 (0.922)	-0.479 (0.874)	-0.769 (0.925)
AIC	86.269	85.543	86.844	88.174
Pseudo-R^2	0.319	0.353	0.336	0.369

*$^{+}p < 0.10$, *$p < 0.05$, **$p < 0.01$, ***$p < 0.001$*

Negative Binomial Regression

The second set of models builds on the previous by asking: How is female leadership related to the extent to which foundations incorporate consultation and involvement in their governance and grant-making? Table 10 illustrates that, again, female leadership and female, nonwhite leadership are not significantly associated with the extent to which foundations consult with and involve external stakeholders. These models did reveal that, consistent with previous findings, private foundation status is negatively associated with the extent of consultation and

involvement ($p < 0.05$). Social justice-oriented foundations, however, are positively associated such that social justice-oriented foundations utilize significantly more participatory approaches of a low power-sharing nature ($p < 0.10$). Foundation transparency was also found to be statistically significant, indicating an association between more publicly available information on foundation governance and grant-making and the number of consultative opportunities available to stakeholders ($p < 0.10$).

Table 10. Negative binomial regression coefficients, count of consult/involve activities

Variable	**Control Model**	**Female Leadership Model**	**Nonwhite Leadership Model**	**Nonwhite, Female Leadership Model**
Female Executive	-	0.005 (0.132)	-	0.066 (0.144)
Nonwhite Executive	-	-	0.084 (0.179)	0.281 (0.253)
Nonwhite, Female Executive	-	-	-	-0.391 (0.339)
Private Foundation	-0.423* (0.188)	-0.424* (0.188)	-0.436* (0.189)	-0.420* (0.188)
Transparency Index	0.114^{+} (0.062)	0.113^{+} (0.062)	0.106^{+} (0.063)	0.115^{+} (0.063)
Professionalization	-0.233 (0.380)	-0.232 (0.382)	-0.222 (0.380)	-0.236 (0.381)
Degree of Donor Control	0.008 (0.026)	0.008 (0.026)	0.009 (0.026)	0.010 (0.026)
Social Justice Orientation	0.292^{+} (0.160)	0.292^{+} (0.160)	0.276^{+} (0.164)	0.310^{+} (0.167)
Proportion Female Program Staff (logged)	0.133 (0.349)	0.132 (0.350)	0.146 (0.351)	0.069 (0.354)
Total Assets (2018. Logged)	0.120 (0.084)	0.121 (0.084)	0.116 (0.085)	0.126 (0.126)
Staff Size over Median (binary)	-0.024 (0.165)	-0.024 (0.16)	-0.021 (0.165)	-0.014 (0.165)
AIC	877.06	879.06	878.83	881.51
Pseudo-R^2	0.191	0.191	0.189	0.195

*$^{+}p < 0.10$, *$p < 0.05$, **$p < 0.01$, ***$p < 0.001$*

Sharing Decision-Making Authority with External Stakeholders

Logistic Regression

Table 11 presents logistic regression coefficients to address the research question: How is female leadership associated with the conferral of decision-making authority upon external stakeholders? Once again, neither female leadership nor female, nonwhite leadership is associated with the foundation's utilization of stakeholder decision-making activities. Moreover, model fit statistics are not improved by the leadership terms. Degree of donor control is significantly negatively associated with shifting power to external stakeholders, such that the more involved the initial donor is the foundation's governance, the less likely the foundation is to confer decision-making authority upon external stakeholders ($p < 0.10$). Finally, the organizational capacity measure, total assets (logged), is positively and statistically significantly associated with the propensity to confer decision-making authority ($p < 0.10$), indicating that foundations with greater resources are more likely engage stakeholders in this way.

Table 11. Logistic regression coefficients, binary decision-making outcome

Variable	Control Model	Female Leadership Model	Nonwhite Leadership Model	Nonwhite, Female Leadership Model
Female Executive	-	0.094 (0.403)	-	0.046 (0.447)
Nonwhite Executive	-	-	-0.149 (0.537)	-0.336 (0.791)
Nonwhite, Female Executive	-	-	-	0.322 (1.043)
Private Foundation	-0.840 (0.558)	-0.850 (0.559)	-0.824 (0.561)	-0.843 (0.563)
Transparency Index	0.156 (0.197)	0.154 (0.196)	0.167 (0.200)	0.161 (0.200)
Professionalization	0.616 (1.152)	0.663 (1.170)	0.599 (1.156)	0.651 (1.173)
Degree of Donor Control	-0.262^{+} (0.157)	-0.261^{+} (0.157)	-0.262^{+} (0.157)	-0.262 (0.157)
Social Justice Orientation	0.599 (0.481)	0.597 (0.480)	0.633 (0.497)	0.601 (0.508)
Proportion Female Program Staff (logged)	1.370 (1.153)	1.366 (1.152)	1.344 (1.156)	1.381 (1.165)
Total Assets (2018. Logged)	0.475^{+} (0.260)	0.481^{+} (0.261)	0.487^{+} (0.264)	0.480 (0.269)
Staff Size over Median (binary)	-0.314 (0.498)	-0.329 (0.502)	-0.314 (0.498)	-0.322 (0.503)
AIC	172.80	174.74	174.72	178.56
Pseudo-R^2	0.211	0.212	0.212	0.213

*$^{+}p < 0.10$, *$p < 0.05$, **$p < 0.01$, ***$p < 0.001$*

Negative Binomial Regression

A final set of negative binomial regression results addresses the extent to which foundations incorporate high power-sharing approaches into governance and grant-making based on the characteristics of their leaders. As with each of the previous outcomes, Table 12 illustrates that neither gender nor ethnicity of leadership was found to be associated with the number of decision-making activities in which foundations engage stakeholders. Similar to the negative binomial models testing the extent of consultation/involvement, private foundations were found

to do this type of work to a lesser degree than community foundations ($p < 0.01$). Once again, a high degree of initial donor involvement ($p < 0.05$) is negatively associated with the number of decision-making activities. As in the logistic models in Table 11, foundations with greater resources, as measured by total assets (logged), tend to engage stakeholders in decision-making to a greater extent ($p < 0.10$).

Table 12. Negative binomial regression coefficients, count of decision-making activities

Variable	**Control Model**	**Female Leadership Model**	**Nonwhite Leadership Model**	**Nonwhite, Female Leadership Model**
Female Executive	-	-0.184 (0.357)	-	-0.183 (0.387)
Nonwhite Executive	-	-	-0.673 (0.500)	-0.723 (0.735)
Nonwhite, Female Executive	-	-	-	0.106 (0.964)
Private Foundation	-1.331** (0.498)	-1.365** (0.500)	-1.272* (0.494)	-1.311** (0.495)
Transparency Index	-0.066 (0.175)	-0.055 (0.176)	-0.023 (0.176)	-0.014 (0.177)
Professionalization	0.035 (1.045)	0.059 (1.054)	0.027 (1.039)	0.051 (1.049)
Degree of Donor Control	-0.303* (0.147)	-0.297* (0.145)	-0.281* (0.137)	-0.277* (0.136)
Social Justice Orientation	0.282 (0.434)	0.282 (0.435)	0.368 (0.443)	0.358 (0.449)
Proportion Female Program Staff (logged)	0.439 (1.001)	0.499 (1.006)	0.422 (0.995)	0.494 (1.007)
Total Assets (2018. Logged)	0.380^{+} (0.219)	0.385^{+} (0.220)	0.442* (0.219)	0.441^{+} (0.225)
Staff Size over Median (binary)	0.444 (0.442)	0.425 (0.446)	0.395 (0.436)	0.381 (0.440)
AIC	349.50	351.25	349.78	353.56
Pseudo-R^2	0.103	0.098	0.152	0.136

*$^{+}p < 0.10$, *$p < 0.05$, **$p < 0.01$, ***$p < 0.001$*

Discussion

The goal of this study was to understand how the gender identity of leadership in a traditionally male-dominated field influences the utilization of new and democratizing practices – practices that present a stark contrast to institutional philanthropy's traditional "black box" mode of decision-making. Across the board, female leadership and female leadership of color were not found to be significantly associated with either whether the foundation uses participatory approaches or the extent of that usage. None of the four hypotheses tested were supported by the data.

There are several ways to interpret these findings, the first of which is simply that participatory philanthropy, as it is currently utilized in foundations, does not have a gendered element to it. Rather, foundations may see participation as a form of accountability to stakeholders or foundations that incorporate a high degree of participation in their work may be founded on more of a participatory, communal ideology. Indeed, the empirical results here support these ideas to some extent. Under the low power condition, organizational transparency is significantly positively associated with the number of activities in which stakeholders are consulted or involved in governance and grant-making (Table 10). As it pertains to the number of activities in which foundations confer decision-making authority upon external stakeholders; community foundations tend to do more of this type of power-sharing (Table 12). There is some evidence on the effects of female elected leadership on the utilization of participatory budgeting and policy councils in Brazil that similarly finds no association, despite the theoretical linkage between female leadership and the democratization of governance (Funk, 2015). Researchers rather argue that the decision to utilize stakeholder participation tools is a strategic one and is often used by leaders in policy domains that reflect stereotypes of the opposite gender.

Another interpretation of these findings rests on the notion of organizational inertia. Foundations – like other nonprofits or socially-focused organizations - are not simply instrumental, they have expressive functions as well (Frumkin, 2002). The expressive functions of the foundation can manifest as paternalistic or particularistic, i.e., selecting problem definitions and approaches to social problems that fit within the schemas of the wealthy originators/executors of the fund. These early narratives are sticky in the sense that they come to shape the overall foundation approach in the long run (Hammack & Anheier, 2013). As the regression results in Table 11 and Table 12 show, initial donor involvement is negatively associated with both whether or not a foundation confers decision-making authority upon external stakeholders as well as the extent to which the foundation incorporates this type of work into their governance and grant-making. In other words, the more involved the initial donor is in governance and operations, the less likely the foundation is to share their power with external stakeholders.

The other issue that cannot be ignored relates to the conditions under which diverse leaders are best positioned to change long-standing organizational practice. In seats of power that have been traditionally occupied by white men, there is a tremendous pressure on anyone who falls outside of that category to assimilate to the prevailing organizational dynamics (Baker & Hassan, 2021) and to do everything possible to demonstrate professional competency (Hatmaker, 2013). To go "against the grain" may put female leaders and female leaders of color in precarious professional positions and threaten their status as organizational leaders (especially if their methods stray too far from the preferences of the Board of Directors). Participatory philanthropy also often bucks traditional evaluative frameworks in its focus on breaking down power asymmetries – it is not necessarily clear to foundations how to determine whether

stakeholder participation works and/or how it contributes to the foundation's giving priorities (Gibson, 2019). If female leaders and female leaders of color were attempting to adhere to the existing operational mores of their foundation to demonstrate competency in a gendered field rather than attempt to introduce a new logic, this would certainly explain the lack of effect.

Introducing participatory practices is risky – while there is a surfeit of anecdotal evidence about participatory philanthropy (and, more recently, participatory grant-making), there is currently no base of systematic, generalizable evidence to suggest the efficacy of these practices (however one chooses to define "efficacy" in this case). Large foundations recognize this risk and those that do this work generally make it a small, experimental part of their portfolio. The Ford Foundation allocated $300,000 (just 0.06% of their average annual grant-making in the past 5 years[18]) in their 2019-2020 to learning about participatory practices (Cardona, 2020). The McCormick Foundation began testing participatory practices in Chicago's Englewood neighborhood in 2018 with an investment of $140,000 (just 0.31% of their average annual grant-making in the past 5 years[5]) (McCormick Foundation, 2018). Returning to the idea that female leaders already face impediments to progress within organization, it stands to reason that taking on this level of risk might put female leaders in precarious positions relative to their Boards.

Limitations

These results provide an interesting view into whether and how the gender of organizational leadership influences organizational strategy, but there are some notable limitations. This theoretical mechanism at play in this work is that leadership traits influence leadership behaviors, which come to influence organizational strategy, but the data used to test

[18] Estimated from Foundation Directory Online annual grant-making reports, which aggregate values reported on Internal Revenue Service (IRS) Form 990s.

the theory only reflect the endpoints of that mechanism: leadership traits and organizational strategy. Existing research on leadership notes that traits are mediated by both behaviors and levels of influence within the organization (Yukl, 1989), thus, in order to better understand whether and how female leadership is associated with the adoption and utilization of stakeholder participation, it would be necessary to know whether evidence suggests that female foundation executives exercise different behaviors in their leadership and the organizational and environmental factors that affect their influence. Current scholarly research supports the first linkage – with female leaders demonstrating more transformative leadership behaviors – but again, the organizational contexts that have been studied in detail are in the for-profit and public spheres only.

The Board of Directors is an important potential moderator of both leadership influence and the outcomes of interest - whether the foundation may choose to buck traditional practices and utilize more participatory methods. Foundation boards play myriad roles in governance, not limited to setting priorities, approving grant decisions, and overseeing good governance practices (Council on Foundations/BoardSource, 2013). Boards do not necessarily play this role in every foundation, but this is a common model of decision-making, especially in family foundations (The Bridgespan Group, n.d.). In cases where the Board has substantial decision-making power in the activities outlined in the stakeholder participation framework used in this study (Figure 2), the role of the executive to implement different organizational strategies may be limited regardless of the identity of that executive and the behavioral qualities they demonstrate. Unfortunately, this study does not have a measure of Board control of decision-making, so this remains a source of omitted variable bias in the models. Qualitative evidence from survey respondents does not indicate that Board pushback is a significant issue here; less than 10% of

respondents indicated that "lack of interest from board/staff" was a challenge to utilizing stakeholder participation (Husted, Finchum-Mason, & Suárez, 2021), but the possibility necessitates further exploration. One glaring question that is raised by Board control reflects the same ideas of representation that generated the hypotheses. Future work should seek to determine whether foundations with boards that have greater female and nonwhite, female representation are more likely to utilize participatory approaches to governance and grant-making and whether there is an interaction effect between female boards and female executives on adoption and utilization of innovative approaches to philanthropic giving.

Additionally, the extent to which these results can be extrapolated to the wider population of U.S. foundations is somewhat limited by the composition of the sample and the potential influence of nonresponse bias. While the research team made multiple follow-up attempts using multiple different modalities (e.g., email, telephone, LinkedIn) with different contacts at each of the 489 foundations in the sampling frame, the fact is that foundations that were already more open to public interaction were inherently more likely to answer the survey. This may also upwardly bias the estimates of the prevalence of both female leadership and participatory practices, but it is not likely that this would affect generalizability to the wider sampling frame. If anything, this difference would have been more likely to result in an observed, significant association between leadership and strategy, if that relationship existed. Finally, the difference in observed transparency between the analytic sample and the sampling frame introduces generalizability concerns. Foundations that responded to the survey are demonstrably more publicly transparent than nonrespondents, so the results of this study are likely only to be readily generalizable to foundations with similar levels of transparency. As discussed in previous chapters, this is more of a scholarly concern than a practical one; as practitioners consider how to

increase uptake of participatory practices among large foundations, it is not an effective use of resources to reach out to foundations that do not have an active public accountability regime.

Another limitation is the operationalization of the dependent variables. Because the survey was designed to capture the high-level picture of participatory philanthropic practices currently being utilized, it did not capture the nuances of each activity type as it shows up uniquely in each foundation. This may be more impactful for some processes than others. For instance, for two foundations that both give affected communities grant-making authority, the interpretation is straightforward. However, there may be significant variation between two foundations that both indicate engaging affected communities in decision-making around the grant process; one foundation might have beneficiaries draft an RFP document, another foundation might give beneficiaries decision-making power as to the length of the grant cycle. Each of these manifestations of the phenomena have distinct implications for how to think about power sharing between foundations and those they serve. Further, this study examines a very specific subset of outcomes relating to the ways in which power is shared between the foundation and its beneficiaries. This is but a single example of the type of transformative leadership that female executives can exercise. There may be other examples of transformative leadership that women and women of color exercise in foundations that are not necessarily covered by these outcomes but are still innovative and still contribute to social justice goals. This is another area that deserves further exploration in the future that will help better elucidate the relationship between female leadership and organizational strategy.

Conclusion

This work sought to better understand how female organizational leadership impacts organizational strategy by testing the hypothesis that women and women of color, as executive leaders in philanthropic foundations, are more likely to support the use of democratizing, participatory approaches to philanthropy. The findings presented in this study strongly indicate that female leadership in foundations does not influence the propensity to nor the extent to which foundations utilize participatory approaches at different levels of power-sharing with external stakeholders. Ultimately, more questions remain as to whether there is, indeed, no effect of women's leadership on the utilization of democratizing philanthropic strategies or whether the effects of women's leadership are simply more nuanced than this data can address. One question raised by these findings reflects the mechanisms by which foundations are gendered, including the processes and structures that impede women's influence.

Given the criticism that foundations face for their lack of transparency and their often-hegemonic nature (Giridharadas, 2017; Reich, 2018; Roelofs, 2007), it is critically important to understand what motivates foundations to democratize their practices and to engage grantees and communities in their governance and grant-making. This study represents a first step at unpacking the role of leadership in those democratization processes. Future work should further explore not only which foundations do this type of work, but also which foundations do not. A focus on the organizational factors that keep power centrally held and impede democratization processes will increase scholarly understandings about the process of opening governance institutions to external stakeholders – a topic that has become more important as public trust in institutions wanes. But, from a practical standpoint, this knowledge will also help philanthropy

advocates develop tools to make participatory philanthropy approaches more appealing to a wider array of foundations.

As the demographics of institutional philanthropy continue to change, is important to remember that diversification is not the end goal in foundations, but rather it is important that individuals with different positionalities and perspectives have the space and support to bring the full extent of those experiences to bear in their work. Whereas the call to action in philanthropic foundations in the 2000s and 2010s was (rightly) to diversify their leadership and staff (Young, Love, Csuti, & King, 2017; Kasper, Ramos, & Walker, 2004), the call to action for the 2020s should be to diversify the perspectives that the foundation considers as it seeks to make social change. But, as the results of this study suggest, representative of diverse identities and experiences within the organization does not necessarily fix the structures, processes, and schemas that reproduce gendered dynamics and preclude democratizing practices.

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Appendix 4A: Comparing key characteristics between sampling frame and analytic sample

Table 13. Covariate Differences between Sample and Sampling Frame

	Sample (N = 143)					Sampling Frame (N = 346)				
	Mean	SD	Median	Minimum	Maximum	Mean	SD	Median	Minimum	Maximum
Transparency index (sum of features)	3.45	1.46	4	1	6	2.24	1.45	2	0	6
Professionalization (administrative expense ratio)	0.27	0.19	0.22	0.02	1	0.25	0.25	0.17	0	1
Total assets (logged, 2018)	20.23	0.85	19.95	19.31	23.33	20.19	0.84	19.99	19.27	24.44
Private foundation status	0.76	0.43	1	0	1	0.89	0.31	1	0	1

Appendix 4B: Correlation Matrix

Table 14. Correlation Matrix for Model Variables

	Shares decision-making power (binary)	Shares decision-making power (count)	Consults/Involves stakeholders (binary)	Consults/involves stakeholders (count)	Female Executive (binary)	Nonwhite Executive (binary)	Nonwhite, Female Executive (binary)	Private Foundation	Transparency Index`	Professionalization	Degree of Donor Control	Social Justice Orientation	Proportion of Female Program Staff	Total Assets (2018, logged)	Staff Size over Median (binary)
Shares decision-making power (binary)	1.000														
Shares decision-making power (count)	0.697	1.000													
Consults/Involves stakeholders (binary)	0.223	0.156	1.000												
Consults/involves stakeholders (count)	0.298	0.386	0.430	1.000											
Female Executive (binary)	0.052	0.049	0.200	0.031	1.000										
Nonwhite Executive (binary)	0.071	-0.062	0.155	0.160	0.129	1.000									
Nonwhite, Female Executive (binary)	0.094	-0.047	0.117	0.091	0.343	0.753	1.000								
Private Foundation	-0.258	-0.344	-0.129	-0.381	-0.046	-0.035	-0.010	1.000							
Transparency Index`	0.257	0.236	0.311	0.377	0.143	0.278	0.241	-0.528	1.000						
Professionalization	-0.048	-0.096	-0.168	-0.137	-0.094	-0.081	-0.081	0.269	-0.108	1.000					
Degree of Donor Control	-0.192	-0.143	-0.032	-0.070	-0.076	-0.025	0.002	0.189	-0.138	-0.064	1.000				
Social Justice Orientation	0.121	0.028	0.163	0.156	0.089	0.270	0.328	-0.014	0.163	-0.024	0.048	1.000			
Proportion of Female Program Staff	0.172	0.134	0.268	0.164	0.158	0.044	-0.005	-0.202	0.378	-0.071	-0.082	0.084	1.000		
Total Assets (2018, logged)	0.173	0.148	0.152	0.205	0.043	0.265	0.307	0.012	0.244	-0.187	0.007	0.110	0.111	1.000	
Staff Size over Median (binary)	0.090	0.103	0.164	0.141	0.157	0.199	0.198	-0.052	0.436	-0.008	0.052	0.114	0.386	0.399	1.000