

# Listening to Beneficiaries and Ultimate Clients

Paper prepared for the International Philanthropy Research Conference  
22 and 23 September, Turin, IT

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## Introduction

Foundations work in relationships with many different partners. Depending on the model of operations of different types of foundations, their relationships with partners change in character. These relationships can vary from a mere grant-making approach to increasing intensity of foundation involvement in any programmatic activity and, more recently, even any investment activity of the foundation both in its programmatic and its asset management dimensions. Foundations can enter into a broad range of different types of cooperation, any of which are characterized by typical communication and exchange. In order to reflect on this multiplicity of potential relationships foundations may have with other organizations and individuals, the argument of this paper summarizes the counterparts that foundations work with as partners. Without them, foundations will not be able to accomplish their missions.

This broader concept of partners reflects the European foundation history with its traditions of operating foundations. While a mere grant-making approach may consider beneficiaries as the only relevant partners, operating foundations actually work with a broader range of stakeholders. For the sake of a clear distinction we do however only include partners in this consideration which work in a formal, structured relationship with the foundation. Mere audiences of foundation communication or the general public are excluded even though they may be highly relevant for the legitimacy of foundation operations and for the role which foundations can play in civil society. This introductory remark deliberately considers foundations as organizations which can play civil society roles, but are not necessarily part of civil society, depending on their statutory nature and their strategic approach.

To put the questions differently: By their very legal nature foundations are not participatory organizations, they are rather defined by their initial charter and its governance rules and by their assets. However, depending on their *modus operandi* with different groups of partners they can still assume roles typically played by civil society organizations, but they may also play other highly relevant roles (such as social innovation investors or change agents, expression of private freedoms and pluralism, custodians of cultural or social traditions, etc.).

In the light of these introductory remarks, the title of this paper to which the author has been invited to contribute needs to be understood in the light of the above partner conceptualization, based on a contract relationship (and not including any coincidence relationship in communication or the general – democratic – public). This paper intends to shed empirical light on the perceptions of these partners based on the results of empirical research which has been conducted over many years in the context of the “Learning from Partners” project in Germany. The project has been conducted in a longitudinal perspective from 2011 to 2021 in a total of four waves surveying all the partners of cohorts of major German foundations. Some foundations have participated repeatedly which actually allows for longitudinal comparison in the proper meaning, some others have participated only in a single wave or randomly which limits the opportunity for comparative conclusions.

Against this research background this paper works on the assumption that:

- First, foundations cannot accomplish their missions effectively without a successful relationship with their partners (of whatever nature).
- Second, it assumes that the actual way in which this relationship is created and organized determines whether foundations can aspire to thinking of themselves as organizations of civil society.
- And finally, different types of non-profit organizations may not necessarily have converging interests even though they may share the same mission.

With these assumptions in mind three fundamental aspects of partner feedback and partner perceptions are analysed in the following sections of this paper:

- I. Foundation strategy and aspects of effectiveness.
- II. Satisfaction with foundations and aspects of efficiency.
- III. Information on foundations and transparency.

Any arguments made towards these three fundamental aspects of foundation-partner relationships are based on the weighted aggregate of the participating foundations of this Learning from Partners research project. Obviously, individual foundations may be perceived quite differently, and the variations will be included in our considerations, but in order to arrive at a concise overview this paper does not focus on individual foundations but rather aims at generic observations.

### Foundation strategy and effectiveness

A core component of the partners' perceptions has been addressed by asking them whether and to what extent they agree to some key characteristics of foundations. This questionnaire context has produced the most fundamental insights into the discrepancies between internal foundation self-perception and external partner perception.

Over all four waves of the study the responses paint a picture of major German foundations being: demanding organizations vis-a-vis their partners; reliable partners; and organizations enjoying a high reputation. In 2021 typically 84 to 85 % of all partners fully or somewhat agree to these characteristics. On the other hand, partners perceive foundations much less as innovative, flexible and transparent organizations that work strategically. For those items, full or partial agreement only ranges between 58% and 68%, with flexibility getting the lowest score. It is acknowledged by 77% of the partners that foundations have clear goals, but this notion is not necessarily associated with strategic work.

This picture comes as a surprise all the more since the sample of 2021 foundations includes prominent research funders such as the Volkswagen, Fritz-Thyssen, Gerda-Henkel or Carl-Zeiss foundations, or others such as the Joachim-Herz foundation or the Klosterkammer. In previous waves organizations such as the Bosch foundation, the ZEIT foundation, the Stifterverband für die Deutsche Wissenschaft or Bundesstiftung Umwelt (Federal Environmental Foundation) were included in the sample without fundamentally changing the picture.

Despite a preference of foundations for innovation and change narrations in their self-portraits, their partners value them for different qualities. Their reliability, their ambition at high quality work ("demanding organization") and their reputation are appreciated as the symbolic, cultural but also tangible capital that they can bring to the field in working with their partners.

It is interesting to note that the picture shows variations over time, even though it is not fundamentally changing. While the first cluster of reputation, reliability and demanding quality has been stabilized on its very high level of agreement or even slightly increased, the second cluster of innovation and flexibility as well as transparency has caught up. Foundations today are seen as more flexible and somewhat more innovative than 2015, and they are perceived as working somewhat more strategically. The gap between self-perception and outside perception is narrowing but still exists.

Figure 1 The foundation has a reputation for being an organization that...

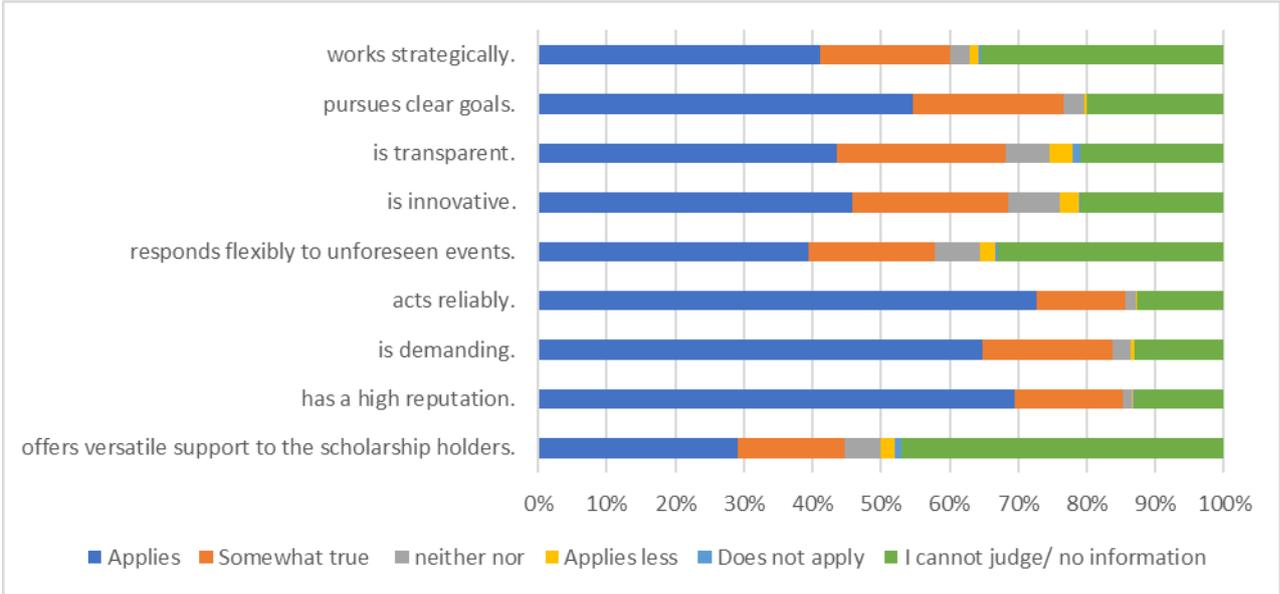
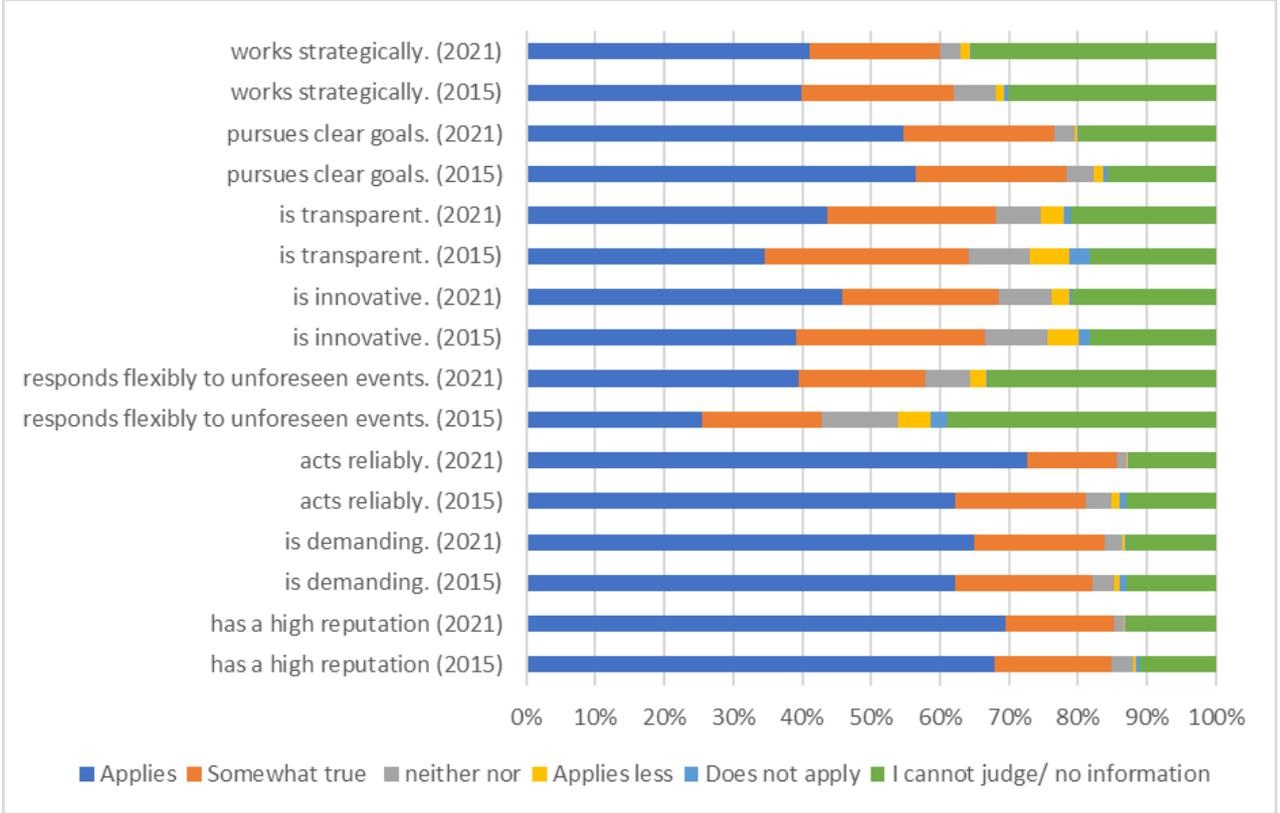


Figure 2 The foundation has a reputation for being an organization that ... (trend)

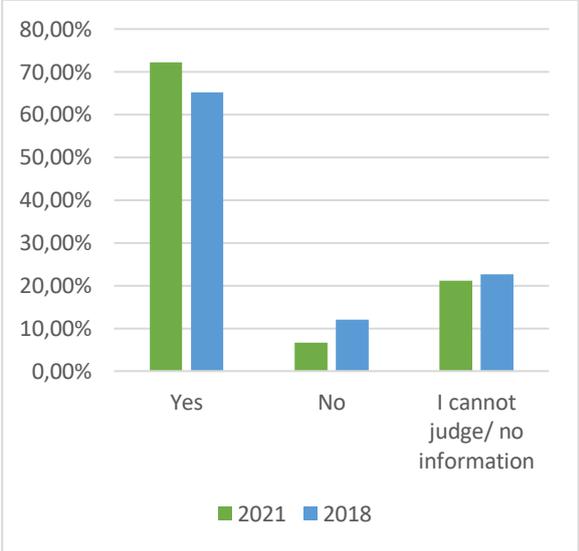


A closer look at the results for the different items also reveals that clear goals and strategic approach of the foundation do not necessarily align with a perception of flexibility. By contrast, the more a foundation operates strategically or defines clear goals, the less it is seen as flexible and innovative. This seeming contradiction can be explained by a tension between the strategies of the foundation and those of its partners, which may not necessarily coincide. The more a foundation sets clear goals the less leeway its partners have in following their own missions and deciding on the best possible way to achieve their goals.

This is a very critical point in the relationship between foundations and their partners, and even more so in the case of civil society activities which require partner organizations to operate in a participatory way that is stakeholder-driven. In a context such as technological innovation the tension may be less relevant because goals and strategies may be defined by technical expertise, but in cooperation relationships characterized by social innovation, participation is a pre-condition of success and then any difference in goals and strategy between foundation and partner organizations may even impede success.

A closer look at the language foundations are using may underpin this insight and shed some light on the civil society contributions of foundations. If foundations define themselves as “entrepreneurial” and/or as “agents of change”, their strategic ambitions are not necessarily defined by participatory means. The tension will then show between an organization defined by its inception and its foundation mission as defined in the charter, and organizations which are in principle membership organizations or at least organizations working with their stakeholders in a very participatory way.

*Figure 3 Is a grant from the foundation considered a proof of quality within your field of activity / your professional community?*



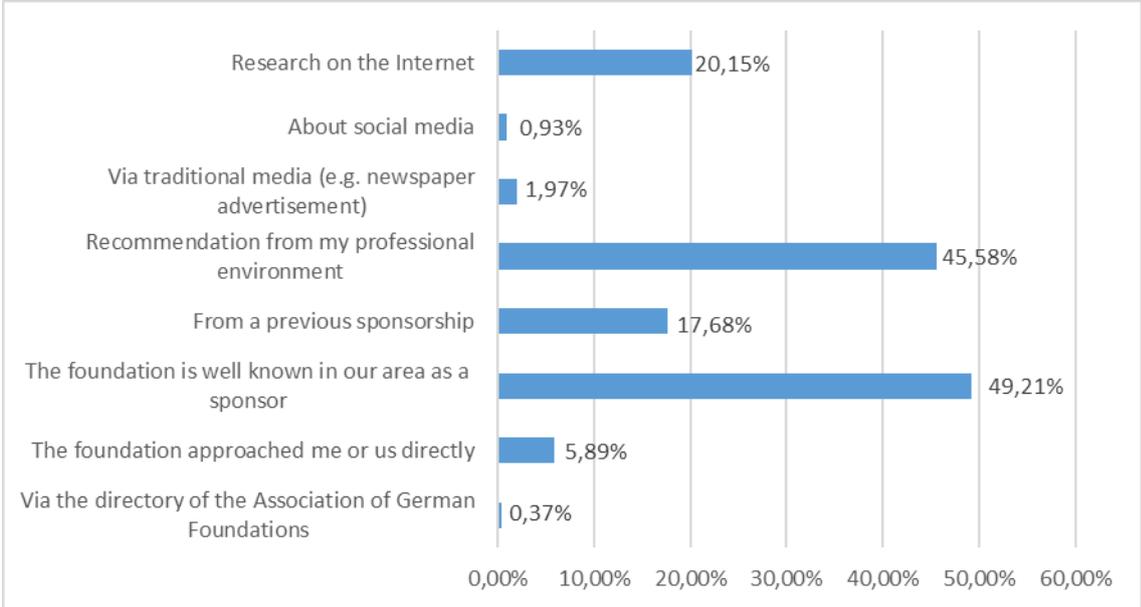
The picture is further refined by the 2021 iteration of Learning from Partners in which we asked for an assessment of the foundations’ reaction to the Covid-19 crisis. The item in the survey included six categories: Flexibility, communication, transparency, agenda setting, digitization, and the capability to find new solutions (capacity to innovate). Again, the categories that were rated with (very high) satisfaction were the former three – the relationship-based categories of flexibility, communication and transparency. In concrete terms, these were referring to the operations aspect of the relationship such as deadlines, budget revisions, additional support opportunities and the like. In other words, all the items that touch upon the nature of the foundations as trusted reliable partners were rated very well.

Those categories that refer to fundamental innovation levels such as new programmatic focus, addressing the underlying trends towards digitization and their societal implications, which were highlighted by the Covid-19 crisis, and the capacity to innovate were rated at much lower levels. The results show the same fundamental divide which has already surfaced in the general perception question.

Foundations are perceived as organizations which have accumulated high levels of symbolic, cultural and social capital. The analysis of some other key aspects of partner perceptions underpins this

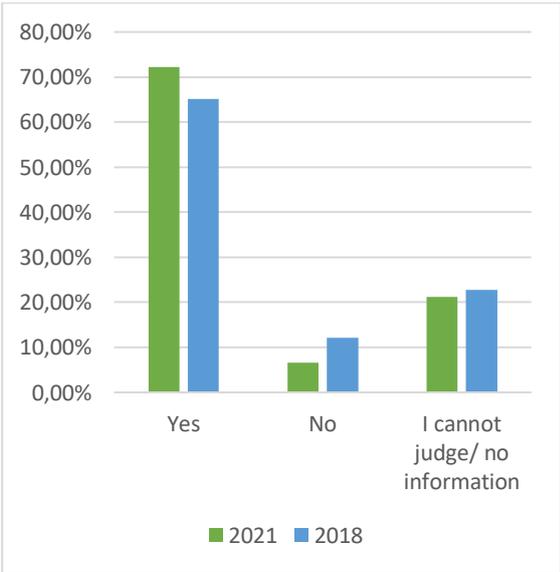
notion of foundations of functional elite organizations. When partners are asked how they learned of the funding opportunities from the foundation they are working with, they predominantly (almost 50%) mention the reputation of a foundation in their own professional field and peer recommendation. In the ranking follow experience with earlier cooperation (18%) or internet search (20%).

Figure 3 How did you become aware of the foundation's funding opportunities?



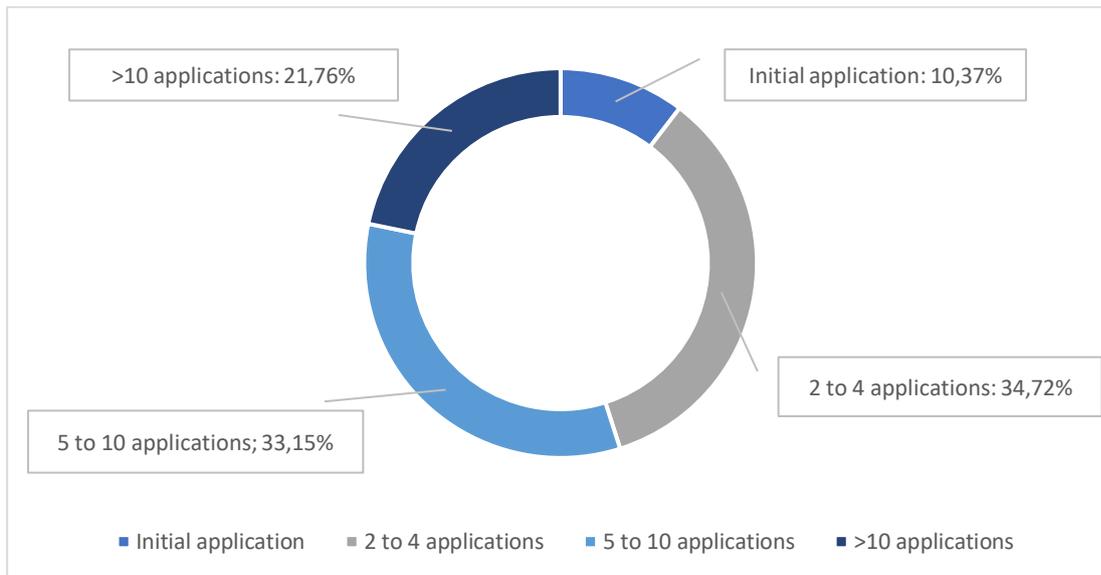
More than 70% of partners agree that funding from a particular foundation is seen as an indicator of high quality of work in their professional context or their academic discipline. Again, this perception has increased from an earlier 65% to currently 72%.

Figure 4 Is a grant from the foundation considered a proof of quality within your field of activity / professional community? (Trend 2018 - 2021)



This corresponds to a very high share of foundation partners that have had experience with numerous grants or repeated foundation cooperation. One third each have had grant or project experience with 5-10 projects or 2-4 projects respectively in the last five years.

Figure 5 Frequency of application in the past five years (general)



As a consequence of knowing their foundations rather well partners are confident that foundations generate societal impact. Two thirds of all partners acknowledge that foundations are actors that show societal impact, again up from a little less than 60% in 2018.

To summarize this first chapter on partner perceptions concerning foundation strategy and effectiveness: Foundations are perceived as organizations with very high symbolic and cultural capital (as well as well-established social capital networks) – reliable, demanding and high-reputation organizations. Their contributions to innovation are contested and their strategic approach does not work without tensions vis-a-vis their partner organizations and their own strategies. As a consequence, flexibility is not perceived as their strongest quality. On the other hand, partners are quite experienced in working with foundations and show confidence in their societal impact and effectiveness.

### Satisfaction with foundations – efficiency

Partner perceptions indicate a very high level of satisfaction in general. If critical views surface they become visible through very subtle nuances in the data. Almost 75% of partners rate the partnership with their foundation in general as very good, another 23% as good. This ratio has again improved as compared to 2018 from 66% and 29% – a shift towards a growing number of very good ratings (2015: 63% and 30% respectively for very good and good ratings). Only less than 5% see the partnership as less than good or do not see themselves in a position to answer.

Figure 6 How do you evaluate the partnership with the foundation?

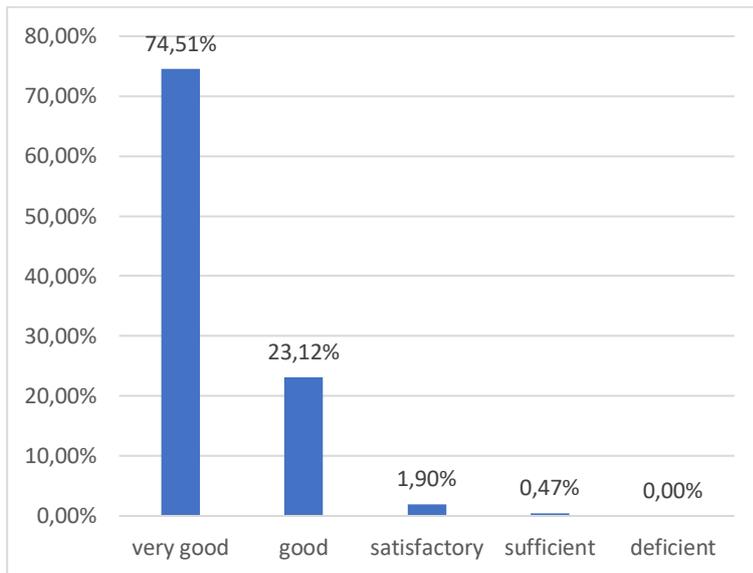
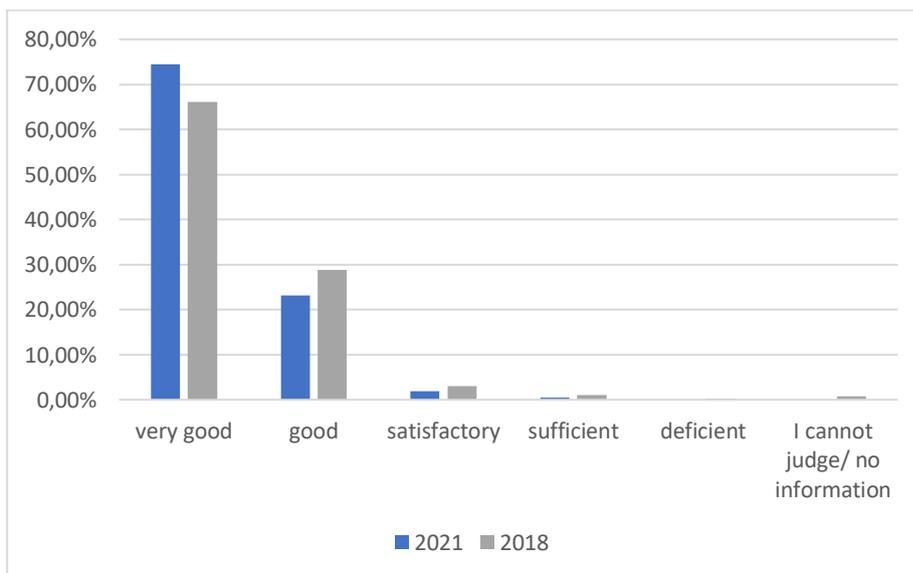


Figure 7 How would you rate the partnership with the foundation? (Trend 2018 - 2021)



This very high level of satisfaction applies to all foundations included in the sample over the years. In comparison to the other foundations surveyed it requires an explanation if the aggregate of the two top answers drops to less than 85%. However, the picture can be qualified by looking at a number of specific satisfaction factors. Namely, the direct relationship with the key account in the foundation is critical here. In addition, the application or project development process is highly relevant, and finally, the administrative burdens in working with a foundation in general play an important role.

In regards to the cooperation process, for the satisfaction with their immediate contact person, it is again 75% (up from 66% in the trend) who rate it as “very good”, 18% rate it as “good” and the remainder do not provide an answer. A similar picture emerges on the ratings of the application/project preparation process: 70% are “very satisfied” with it (up from 60% in the trend), 20% are “satisfied” (down from 26% in the trend).

This high level of satisfaction with the application/proposal phase of the partnership very much reflects processes of trusted, and most specifically personal communication. When partners were

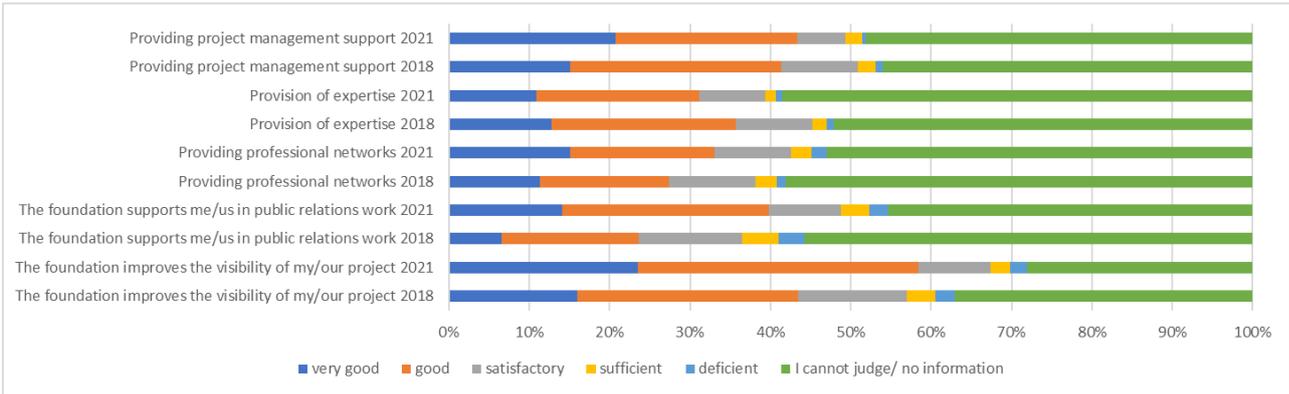
asked which types of support they appreciated during the application/proposal process they expressed the highest ratings for direct correspondence (70% “very good”), followed by foundation website (46% “very good”) and other information materials (42% “very good”).

Corresponding to this high level of general and personal satisfaction, the formal processes were appreciated as well: 81% of the respondents regarded the “formal requirements of the application process” as “very clear” to them, 16% saw them as “somewhat clear”. This response is mirrored in the assessment of the overall administrative effort required for application/proposal. 89% think it is appropriate, 11% do not agree with that. A somewhat less unanimous picture emerges concerning the administrative burden during the partnership (during the project), when 39% think it is “very good”, 43% take it to be “good” and a further 11% “satisfactory”.

The administrative burden of working with a foundation has received better ratings from wave to wave (in 2015 the “very good” ratings were only 23%, the “good” ones 53%). A number of process improvements compared to earlier waves (and based on their critical results) contributed to this change, including clearer (website) evidence-based alignment of requirements, and dual-phase application processes with the first step being based on a short project outline only rather than a full proposal.

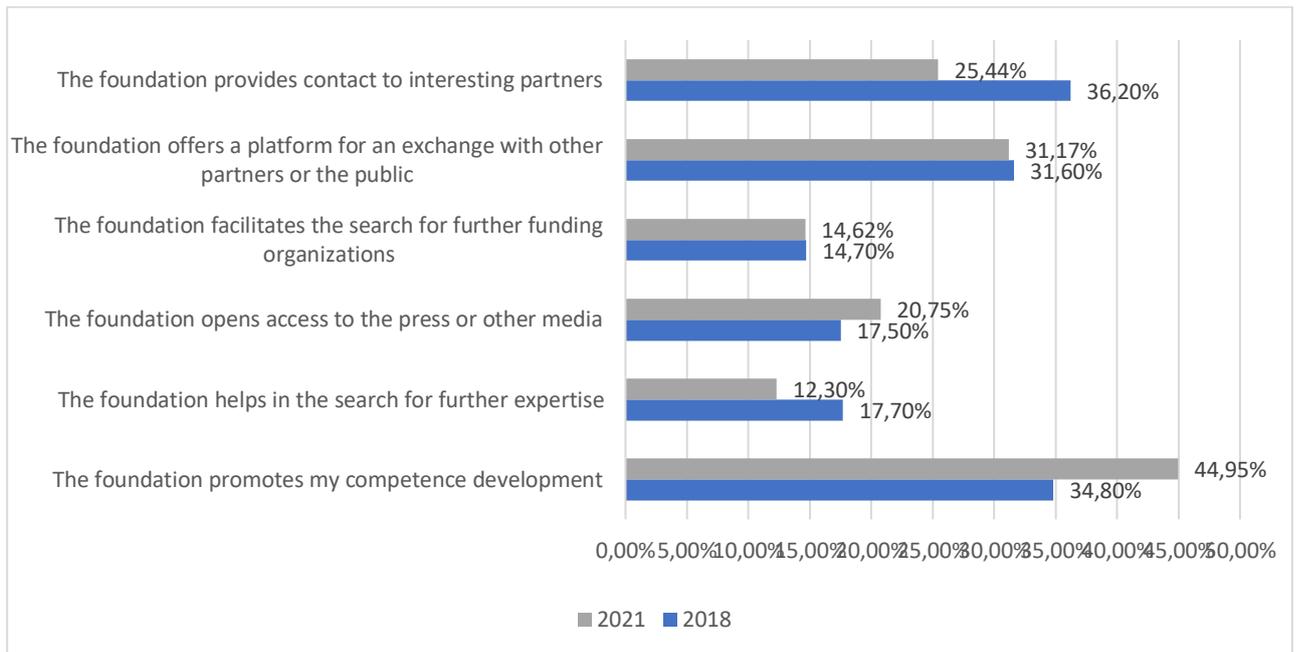
The high ratio of repeated partners who have long-standing experience in working with foundations may have contributed to a professionalization process. This argument might be supported by the responses of partners concerning the non-monetary effects of the partnership (and their benefits for the partners). Support in the visibility of the projects and their PR is mentioned most prominently and has strongly increased since 2018. Project management support is mentioned second place while professional expert knowledge and providing professional networks are less well rated or appreciated. The picture seems to indicate that especially in the case of research funders the latter are organized around academic networks rather than in funder cooperation.

Figure 8 How would you rate the following support services provided by the foundation? (Trend 2018 - 2021)



A special case of personal competence building emerges of course in the case of foundations providing fellowships or personal grants. Increasingly, contact brokering to other relevant partners is appreciated as a form of further support.

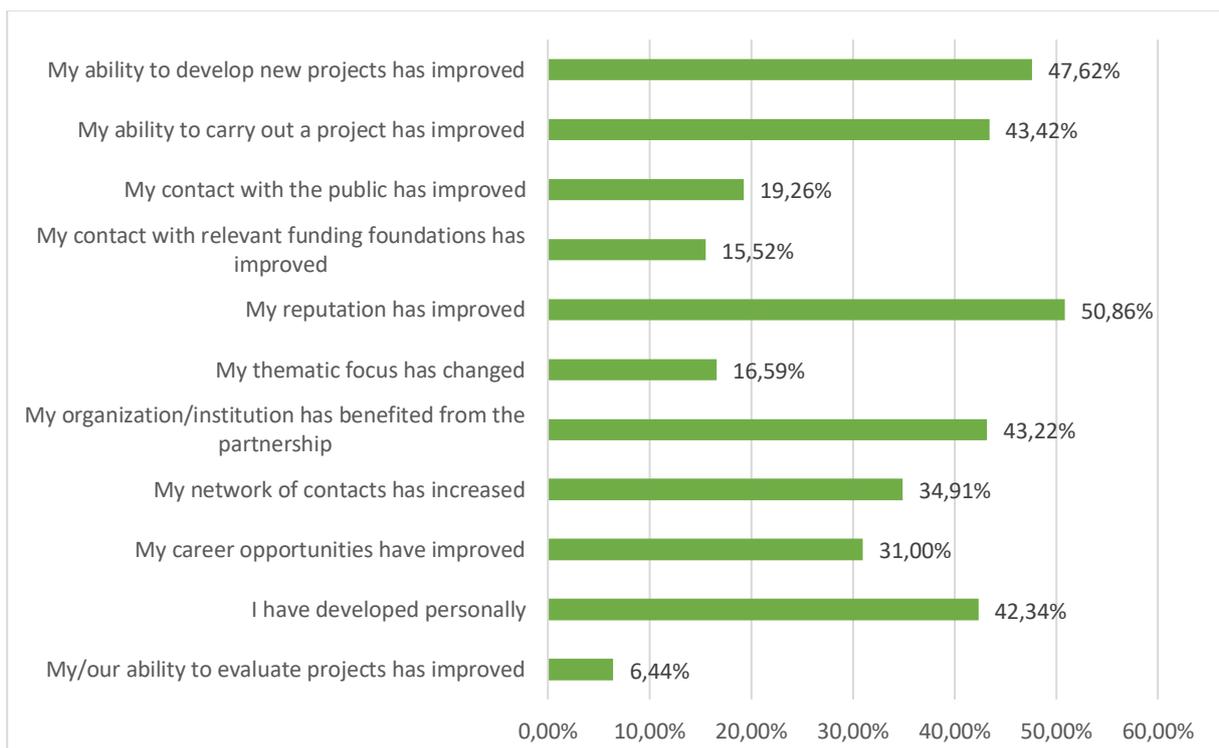
Figure 9 What advanced forms of support does the foundation provide to you? (Trend 2018 - 2021)



Over the years most of the efficiency items addressing the partnership cooperation and processes have shown improvement trends. It should however be noted that the item of administrative burden is extremely sensitive, and we have also seen cases in which foundations have literally dropped to very critical ratings from one wave to the next – the Bosch Foundation experienced this in the comparison between the 2012 and 2015 waves.

In a combined retrospective on capacity building processes, both with regard to effectiveness of partners and the efficiency to work in the partnership, several key aspects emerge:

Figure 10 What effects have resulted from the collaboration beyond the funding?



Personal improvements are highlighted with regard to career opportunities, personal contact networks and personal reputation; and organizational benefits are identified in terms of improved capacity to manage projects as well as to design new ones, as well as general improvements for the partner organization/institution.

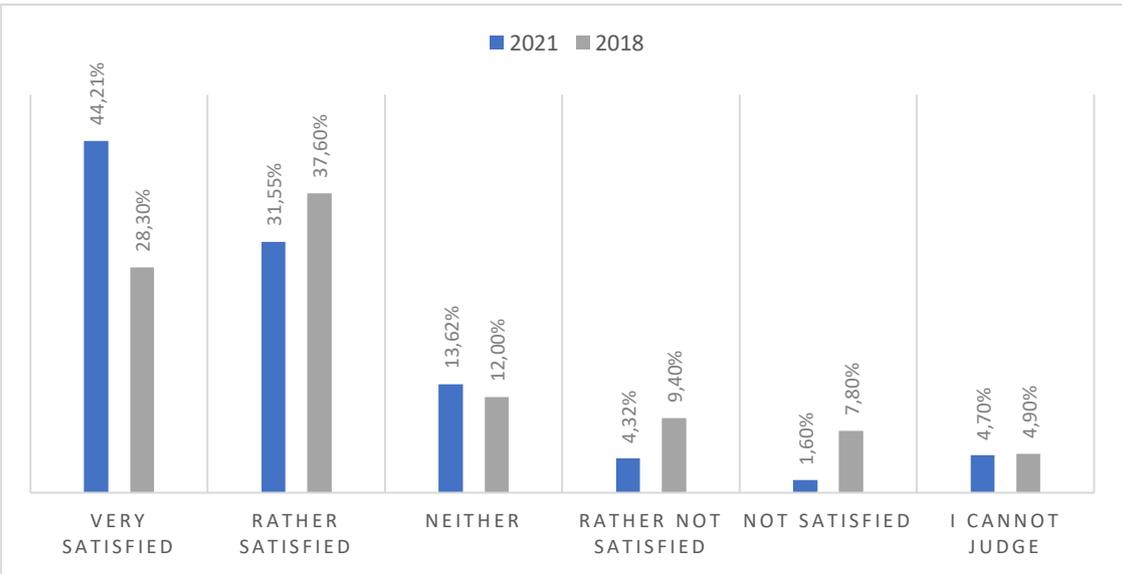
Information on foundations – transparency

A specific aspect of the partnership with foundations concerns the applicants whose projects were not approved for cooperation or funding. Each of the waves of Learning from Partners included a share of such respondents, depending on the foundation, amounting to up to one quarter of the sample of the respondents (for details see appendix on methodology).

It does not come as a surprise that the level of general satisfaction with the foundation is lower than for accepted partners, and in addition it only evaluates the application experience since actual cooperation did not materialize. However, the level of overall satisfaction with the application process on average is still considerably high: 44% rating it as very satisfactory and 32% as rather satisfactory, 14% expressing a neutral position and only 6% stating their dissatisfaction. These ratings indicate that the overall satisfaction even among declined applicants very much depends on a notion of fairness. If the decision-making process is regarded as transparent and intelligible, a negative decision is not translated into a negative rating of the foundation but rather attributed to unavoidable competition.

In a dynamic perspective it is again remarkable that overall satisfaction of declined potential partners has increased especially between 2018 and 2021 (“very satisfactory” responses increased from 32% to 44%, satisfactory ones dropped from 38% to 32%). In aggregate, the figures do not only shift between the two categories, but their total also increases by 6%.

Figure 11 All in all, how satisfied were you with your contact with the foundation during the application phase? (only non-approved applicants, trend 2018 - 2021)



One of the arguments influencing the satisfaction of declined applicants can be identified in the share of answers in which the decision is supported by giving reasons. Whether declined applications should and could be justified by supporting detailed reasons is a disputable matter touching on many delicate factors. On a very fundamental level, foundations allocated private resources on a volunteer basis to which no legal entitlement can be construed. As a consequence, it is to be expected that

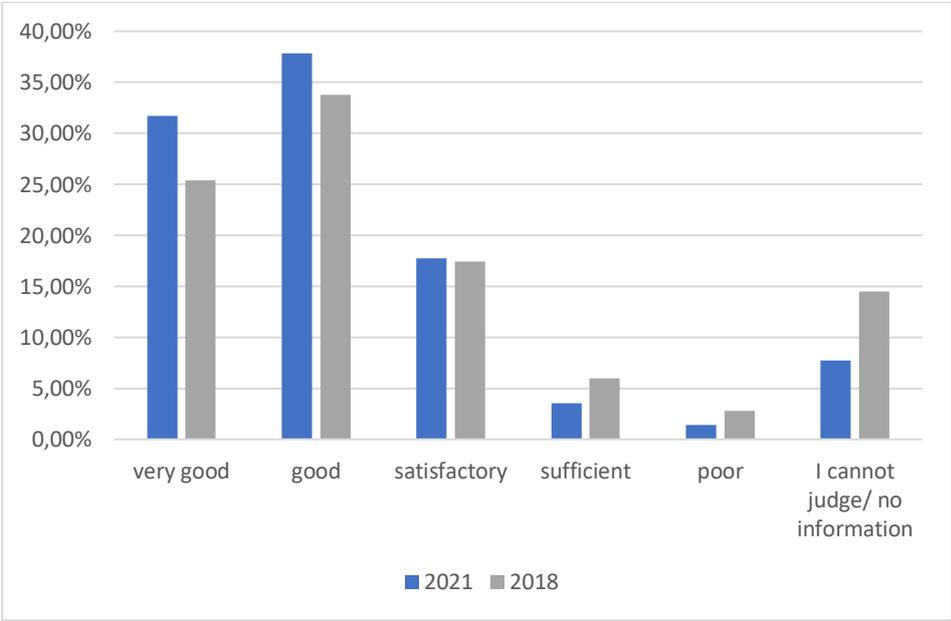
contrary to public funding programmes and funds, foundation grants do not have to be provided to everyone and can be awarded on a very competitive and strategic basis. In addition, grant or budget decisions are frequently made by (volunteer peer) reviewing committees whose members cannot be exposed to public argument. If they were required to individually justify their decisions in public and sustain corresponding arguments, no section committee members would volunteer to be pulled into such controversies.

Nevertheless, a trend towards an increasing share of applicants who were provided with reasons for their declined application can be noted – up from 35% to 48% in 2021 (against 2018). 59% of those who received justifying reasons felt they were comprehensible.

In summary the legitimacy of foundations also depends very much on the transparency of their proceedings. The more transparently they operate, and the more consistently application information and process results are organized, the more partners (and failed applicants) express their satisfaction with the foundation in general. Again, it can be argued that the currency of foundations is trust and managing expectations of stakeholders and partners in a transparent way contributes towards building that trust. In addition, personal social capital plays a very strong supportive role in this process.

What has already shown to be crucial in several contexts is finally confirmed in terms of the general appreciation of transparency. The transparency of decision-making in the foundations generally receives less acclaim than many of the other aspects but is still characterized by very high ratings: Concerning the transparency of all decision-making processes during the partnership, 32% rate it as “very good” and 38% as “good”, a further 18% as satisfactory. Only 5% take a very critical stance, a remarkable 8% state that they cannot make a judgement on this question.

*Figure 12 How would you rate the transparency of decision-making processes regarding your partnership with the foundation?*



The trend comparison to both 2018 and 2015 again reflects a general improvement, the two top categories being 58% and 62% respectively. The general transparency notion is supported by the information levels that partners perceived they had concerning the processes of decision-making on their project application: 23% felt “totally informed”, 37% “rather informed”, on a stagnating level compared to 2018. The “no answer” responses declined from 2018 to 2021, so the critical voices also

rose from 24% to 31%. However, it needs to be stated that the 2021 data include several new foundations, so any such comparative statements need to be treated with caution (see also section on methodology below).

The whole transparency segment of the Learning from Partners project still holds most potential for improvement. While acknowledging the freedom of foundations to make their independent choices, the more processes of decision-making are known and comprehensible to partners, the higher the legitimacy foundations enjoy.

## Conclusion

Self-perception and external perception of foundations do not always coincide. The most notable difference emerges when identifying the predominant perceptions that partners have of foundations: They view them as reliable, demanding, high-reputation organizations, even while they see them much less as flexible and innovative organizations. The difference in perceptions indicates that even though organizations in civil society may share their visions and missions with foundations, their interests in the process of working towards these goals may still diverge. Foundations are by definition not participatory organizations, and the more they act in a strategically prescriptive way the less they are seen as drivers of innovation.

Similarly, foundation partners are very sensitive to the demand for their time which foundations may create with their by-laws and regulations regarding the cooperation process. The clarity of information, the transparency of procedures and the consistency of acting according to reliable agreements prevent foundations from falling into the bureaucracy gap. However, this is not a natural process, it has happened and may happen again, that foundations as rapidly growing organizations lose sight of their mission and over-bureaucratize.

The more foundations claim to be part of civil society the more they must accept being measured against the standards of transparency in order to allow the public to make an informed judgement. The partnership relationship between foundations and their grantees or cooperation partners is no exception from this rule. The very effectiveness of foundations as independent funders or providers of societal risk capital may however contradict this notion of being fully transparent to the general public: Foundations, which are not democratic institutions, may fail in their efforts to mimic participatory democratic structures.

And finally: After four waves of Learning from Partners and the corresponding partner voices, foundations are generally enjoying satisfaction rates which many other organizations in society would never dream of. They can, however, be improved.

## Appendix: A note on methodology

In the years of Learning from Partners four waves of primary surveying unlocked numerous responses and provided foundation partners with an opportunity to voice their perceptions. A total of almost 30.000 partners were invited, and more than 8.500 datasets emerged in response. The partners of 16 foundations were invited to the study, some of them repeatedly, some of them only for specific waves. The following table provides an overview of participating foundations:

*Figure 13 Participating foundations*

	2011/2012	2014/2015	2017/2018	2020/2021
Boehringer Ingelheim Fonds			x	
<b>Carl-Zeiss-Foundation</b>				x
The German Federal Environmental Foundation			X	
<b>Fritz Thyssen Foundation</b>	x	x	X	x
<b>Gerda Henkel Foundation</b>		x		x
<b>Joachim Herz Foundation</b>				x
<b>Klosterkammer Hannover</b>		x	X	x
Nds. Bingo-Environmental Foundation		x		
Nds. Lotto-Sport-Foundaton		x		
Robert Bosch Foundation	x	x		
Software AG Foundation		x	X	
Stiftverband für Deutsche Wissenschaft	x	x		
Stiftung Mercator	x	x	x	
<b>Volkswagen Foundation</b>	x	x	x	x
Wilhelm Sander Foundation		x	x	
Zeit Foundation	x			

For all waves, a full survey of all given partners in the respective calendar year on which the wave was based was conducted. Regarding partners, we not only identified grantees but all partners with which the foundations had entered into a contract relationship (e.g. also into a cooperation in an operating project approach). Two foundations stand out as participants in all four waves: The Volkswagen Stiftung and the Fritz Thyssen-Stiftung. Both are research grant-makers, and both are among the most visible (and longstanding) players in the German foundation landscape.

The Learning from Partners survey has been specifically composed for the context of German (European) foundations with their share of operating project activity. It is not a mere grantee perception report but a partnership cooperation perception report. As a consequence of the longitudinal design of the overall project, the variations in questions between waves are very limited,

typically less than 15% of the questions are variations. Part of the variation is a specific focus theme in each wave, e.g. in 2015 on impact, in 2018 on digitization, in 2021 on Covid-19.

The survey is conducted strictly anonymously, and as of its recent iterations it is in compliance with the European data protection regulations. As a consequence, foundations invited their partners by email to register on the server of CSI to indicate their consent to participate. Those partners registered were then invited to participate in the survey based on the open source software Lime Survey. Only full responses (datasets) were included in the analysis, and the response rates of the different waves varied a good deal (also between foundations) but generally ranged between 24% and more than 30%. The software excluded connecting a response dataset to an email or respondent name, once the invitation links were used, the datasets were stored disconnected from the invitee data.

The share of declined applicants in the survey depended on foundations providing (and collecting) information on those. Typically declined applicants provided for a share of between 15% and 25% of the sample. Different from the accepted partners, the survey was not a full survey of all declined applicants in a given year but a random selection sample. For all foundations included in the study this implied that in each wave – i.e. in a given year – the number of partners that could be invited ranged from more than 100 to more than 1.000. No smaller foundation was included in the study as this would mean the statistical analysis of the design would not have made any sense (which is not to say that the same items could not be studied using a qualitative approach).

To our knowledge the data collected by Learning from Partners represent the largest body of grantee and partner data available in Europe. The survey was actually designed in a bi-lingual way with an English language questionnaire for international partners and a German language questionnaire for national partners. Each block of the survey also included an option to provide open responses which were analysed qualitatively. For the sake of brevity this additional level of material has been left unconsidered in this paper.

## References

<https://www.soz.uni-heidelberg.de/learning-from-partners/>