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Contemporary Foundation Definitions and Identity Narratives: Implications for Research

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Foundations are important actors in the production of social benefits and in the creation of social change. The growth in their importance is connected to the expansion of philanthropy in the 1980's and 1990's (Anheier & Daly, 2005). Although the Canadian foundation sector is small relative to its neighbour, it has also seen dramatic growth since the late-1990's, by more than doubling (Moreno & Plewes, 2007).

Philanthropic foundations play a pivotal role in supporting diverse forms of social change in communities and various service systems, at the national and at the international levels. They are considered to be effective vehicles for charitable giving and social impact in a variety of sectors, in particular education, health and community development (e.g. see Anheier & Daly, 2005; Wang et al, 2011; Suarez & Lee 2011). Foundations, due to their independent resource base, have the opportunity to foster a wide range of relations in the field, leading to creative and innovative social change initiatives (Anheier & Leat, 2006; Sandfort 2007). However, there are divergent narratives about how foundations can and do best play this role.

This brief paper begins by identifying issues in the definition, description and classification of foundations, moves on to articulate two contemporary narratives about their identities and how they achieve social impact and finishes by suggesting several research questions, for discussion.

The Surprisingly Contested Act of Identifying the Phenomenon

There is significant definitional variation from one country to another, and the field includes an extensive range of definitions focusing on such categories as legal framework, type of founder, purpose, activities, funding sources, and asset type (e.g. see Anheier 2001; Toepler, 1999). However, in a widely used formulation, Anheier (2001, pp.3-4) outlines the basic characteristics of foundations as: asset-based, institutionally separate from government, self-governing, non-profit distributing, serving a public purpose, and identity.

From a legal perspective, foundations must be registered with the government, and are exempt from paying a portion or all income tax. This distinct privileged position is based on the highly debated notion that they are best suited to distribute social funds, as they can do so more efficiently than the public sector (Prewitt, 1999; Porter & Kramer, 1999). Porter and Kramer articulate it clearly: "Foundations can and should lead social progress. They have the potential to make more effective use of scarce resources than either individual donors or the government. Free from political pressures, foundations can explore new solutions to social problems with an independence that government can never have. And compared with individual donors, foundations have the scale, the time horizon, and the professional management to create benefits for society more effectively." (122).

Foundations vary based on the type of founder, which at the most basic level takes two key forms - public and private. The Canadian Revenue Agency classifies all foundations as registered charities, which comprises private foundations, public foundations and charitable organizations (CRA, 2015). The main difference between a private and public foundation is the relationship between the directors and the source of foundation funding. Generally, public foundations receive funding from a wide range of sources, whereas private foundations are founded and funded by a single individual or related individuals.

It is also useful to examine foundations according to their activities, including grantmaking, networking and stakeholder relations, knowledge development and dissemination, and exercising leadership (Anheier, 2001; Moreno & Plewes, 2010), and their functions, which include redistribution, enhancing efficiency, and supporting pluralism and social change (Prewitt, 1999; Anheier, 2001; Anheier & Daly, 2006). Lefèvre (2015) offers a recent taxonomy of foundations based on administrative typologies, modes of operation and theoretical approaches

The Divergent Narratives

Philanthrocapitalism and bottom-up collaborative change offer divergent perspectives on the identity of foundations and their social change role. The former is based on emulation of private corporations as grant making becomes social investment on the venture capital model. The latter is based on foundations as civil society organizations catalyzing and supporting bottom up social change in communities and service systems.

Philanthrocapitalism expresses a liberal (verging on neo-liberal) and technical logic (see Frumkin, 2003; The Economist, 2004a, b, 2006a, b; McLean, 2006). According to this approach, grant making foundations at the national and international levels should pursue a kind of venture philanthropy based on the practices of venture capitalism that supported the technological revolution associated with Silicon Valley corporations. (For an overview see Frumkin, 2003; for an overview and critique see Katz, 2005). These practices of venture capital investment include heavy amounts of due diligence during the screening process, long term financial commitment and extensive advice and consulting on how to manage the company and implement its business strategy, all in service of the goal of building large companies from scratch. Venture philanthropy focuses on helping promising non-profit organizations to achieve the scale to have significant social impact through capitalization based on due diligence focusing on their entrepreneurial potential, ongoing consultation to import entrepreneurial acumen into non-profit strategy and performance measurement to emulate market feedback (Rimel, 1999; Frumkin, 2003, 2006; Ostrower, 2006; Porter & Kramer 1999, 2002; Fleishman, 2007; Kramer, 2009). The new language of philanthropy centres on a terminology which frames donors as ‘social investors’, grants as ‘investments’, performance measurements as ‘impact evaluations’, and standard-setting as ‘benchmarking’.

McGoey (2012) argues that in venture capitalism public and private interests are strategically conflated based on the promotion of the moral value of capitalism. Along this line, critics have raised concerns about the role of foundations in the neo-liberal project of downsizing the state (Nickel & Eikenberry, 2006; Vedel & Gad 2011; McLean, 2006; BondGraham, 2011; Suarez & Lee, 2011), fears about the "marketization" of philanthropy (Eikenberry & Kluver, 2004; Nickel & Eikenberry, 2006) and concern of the role of foundations in the depoliticization of social struggles over resources and rights (Bartley 2007; Aksartova 2003).

The contrasting bottom-up collaborative change narrative situates foundations firmly within civil society (Mendel & Brudney, 2014). They are seen as creating public value through taking actions to fulfill their missions by forming and strengthening social networks, sustaining social capital, building community, and nurturing the bonds of trust. In addition, they generate public value by using their authority and power in public policy advocacy and by using their funding to influence public-private partnerships.

One expression of this approach relates to private foundations' involvement through both grant making and direct operations in comprehensive community development efforts in deprived neighbourhoods. This involves acting in catalyst and capacity building roles through citizen engagement and community empowerment (Martinez-Cosio & Bussell, 2013; Turner et al, 2014). Foundations play a critical role in bringing individual and organizational stakeholders together to merge their strategies, in addition to supporting vertical community engagement with government (Martinez-Cosio & Bussell, 2013; Turner et al, 2014). Similarly, in the community health field, foundations have had some success in promoting community-level systems change through collaborative approaches to health promotion based on alliances with key community organizations (see for example: Cheadle et al, 2005; Braunstein & Lavizzo-Mourey, 2011). The situation is very similar in Canada, where private foundations are actively collaborating with community and non-profit actors, and most recently even elaborate forms of funder collaborations referred to as Collective Impact initiatives, are being explored (Pearson, 2014).

Important lessons for foundations engaged in community change efforts as a result of collaborative approaches include: maintenance of a longer-term funding commitment, clear channels of communication, shared leadership to broaden networks, and the need to invest in administrative support (see for example Carman & Hefner, 2012).

Questions

The following questions might be considered in formulating further research:

To what extent are Canadian foundations engaged in bottom up collaborative change? What roles do they play? What evidence is there of positive, enduring community change?

What role does venture philanthropy play in the activities of Canadian foundations? What evidence is there of its effects?

To what extent are Canadian foundations involved in public policy advocacy? With what result?

Which differences among foundations seem to relate to their involvement in venture philanthropy and collaborative community change?

What do Canadian foundation leaders think are the important roles and identities of Canadian foundations? Which narrative do they most favour?

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