# UNIVERSITÄT HEIDELBERG

WORKING PAPER

# Learning from Partners – Evaluating foundations´ activities from their partners´ perspective

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**I. Introduction: Evaluation as growing topic of the foundation sector**

Foundations are important players in society with several roles to fulfill. Anheier and Daly[1] summarize these roles as follows: complementarity, substitution, redistribution, innovation, social and policy change, preservation of traditions and cultures and promotion of pluralism. In addition to these roles, there is an ongoing debate about the impact of foundations on society. Therefore, the sector with its organizations faces several challenges and requirements. Within these debates the Learning from Partners project at the Centre for Social Investment (CSI) at Heidelberg University plays a special role: it focuses on the organizational performance and capacities of foundations in a way that is not directed towards impact, but rather on the foundation´s effectiveness: how do they handle and decide on applications? How are the administrative demands communicated and structured? What about specific effects of capacity building among the partners? Before debating impact, the organizational activities of a foundation should be evaluated in terms of effectiveness and with regard to the foundation´s effort to professionalization.

Whereas impact measurement depicts one issue of the debating area, Learning from Partners is also more than a study on "customers´ satisfaction". Besides the complicated aspect of considering foundations´ partners as customers, the endeavor of Learning from Partners goes beyond the goal of merely collecting a systematic feedback on the satisfaction of this stakeholder group. The degree of satisfaction certainly highlights an important aspect when analyzing the specific relationship between foundations and their partners, but constitutes only one issue among the broad scope of tasks.

Concerning another section of the debate on foundations, the Learning from Partners approach positions itself in between a mere program evaluation and an external overall evaluation that is handled for internal use only. Due to the project character the results from this research are to be published, so they are publicly accessible. Furthermore, in terms of legitimacy[2] and public information the foundations can decide on publishing their individual

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[1] Anheier & Daly (2007): 13 ff.

[2] Then & Kehl (2010): 695

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report and results. The evaluation focus is on the foundation as a whole organization, and not only on programs or funding initiatives.

So in addition, the results of the Learning from Partners survey offer insights into the German foundation sector based on representative organizations. Of course, the results can be read with benchmark aspects; however, the core of the project is receiving a foundation – specific tailored, qualified feedback which forms the basis for professionalization processes.

The paper is structured as follows: chapter II summarizes a theoretical framework of foundations´ evaluation and presents the goal-free evaluation approach as heuristic frame of reference. Chapter III deals with the specific design of the Learning from Partners questionnaire and the dimensions that have been taken into consideration. The following chapters present empirical results of the respective survey waves, whereby chapter IV. summarizes the pilot study of 2012 and chapter V. presents some preliminary results of the 2015 inquiry. Conclusions and prospects are drawn in chapter 6.

## II. Theoretical framework: approaches of evaluating foundations´ activities

a) Foundations and evaluation

Since the seminal work of Braverman et al[3] evaluation in the philanthropic sector has become a standard management tool in order to assess specific questions and concerns. However, the reputation and impact of the evaluation itself may be overestimated or misdirected if carried through.[4] Whereas Greenwald tries to "identify ways in which evaluation can be made more useful to foundations"[5], the Learning from Partners project changes the stakeholder group of addressees: it is not the staff or the CEOs that are chosen as information basis for the evaluation. Instead, the partners are invited to give their feedback and estimations on crucial questions for the foundations. The "Grantee Perception Report", conducted by the Centre for Effective Philanthropy, works similarly. Comparative data from several foundations are collected in order to compare foundations´ effectiveness against others by using similar metrics. While the US-American GPR is dominated by using

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[3] Braverman, Marc T. et al (2004)
[4] Bolman and Deal (2008): 304
[5] Greenwald (2013): 505

metric models, which allow to compare and rank foundations, the German equivalent is in someway more qualitative and less comparative, as

*"foundations are to diverse and the problems they hope to address effectively are too complex to be reduced to a metric model."[6]*

The meaning of this different philanthropic culture is depicted in Chapter III dealing with the design of Learning form Partners.

b) customer satisfaction

In the context of profit orientated businesses the investigation of the customer satisfaction is obviously important. Due to high competition, slower growth rates and price pressure, customer satisfaction as a determinant of customer retention strongly influences profitability[7]. But why could it be important to survey the customer satisfaction in the field of foundations? As foundations spend much more money on their customers (partners) as to take money, customer satisfaction in this area is not related to profitability in means of monetary standards. Satisfaction plays rather an important role as an indicator of reputation and prestige, which will help to recruit the best aspirants.

While in profit orientated businesses, customer satisfaction can be easily evaluated on purchase experiences[8], in the foundation sector one has to ask to what customer satisfaction is related to. A formal definition of satisfaction claims, that

*„satisfaction is the consumer's fulltime response. It is a judgment that a product/ service feature, or the product or service itself, provides (or is providing) a pleasurable level of consumption-related fulfillment, including levels of under-or overfulfillment.[9]"*

But can we really talk about consumption in the field of foundations? And if so, is the partner's satisfaction related to the service (e.g. the information, networks and prestige provided by the foundation) or to the product (the amount of money which is transferred)?

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[6] Bernstein 2011
[7] See Johnson & Fornell 1991: 267; Reichheld & Sasser 1990

[8] See Johnson & Fornell 1991
[9] Oliver (2010): 8

How can we measure satisfaction, given to the complexity of the mix of services and products?

While on the one hand, long standing debates in economics state that a quantification of satisfaction and an interpersonal comparison is not possible[10], other approaches claim that satisfaction is not only comparable across individuals, but also across product categories. This study acts on the assumption that quantification and comparison of satisfaction in some cases may be helpful and possible. Nevertheless, in the field of foundations (even though it might be a tempting thought to evolve an index to compare the satisfaction of all partners or a ranking between foundations), is not regarded as reasonable.

This basic understanding is underpinned by the following argument:

Commensuration is seen as the valuation or measuring of different objects with a common metric[11]. Regarding to the diversity of foundations included in this study, a comparison and ranking on quantitative standards would not cope with the very different qualities (structure, aims, target groups) of the foundations.

While quantification often is seen as an instrument of simplifying the comprehensibility and comparability of social phenomena, by excluding and integrating information (exclusion of qualitative differences in foundations for example)[12], this study wants to take into account the social implications of quantifying[13]. With an approach that is sensitive and reflexive toward the orientation of the foundations, the study wants to emphasize that *"quantification facilitates a peculiarly modern ontology, in which the real easily becomes coextensive with what is measurable"* and that *"an ethics of quantification should view this ontology as productive but partial."* [14]

Consequently, the relation between partners and foundations and the customer satisfaction will be based mainly on general descriptions and comparisons on a qualitative level. Beside quantitative observations, based on questions like "Generally, how do you rate the

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[10] Johnson 10.11.2001
[11] Espeland & Stevens (2014): 408
[12] Op.cit.: 415
[13] Op.cit: 402
[14] Op.cit.:432

partnership with Foundation XXX?" additional indicators for a comparable satisfaction will be integrated. But seen as partial, they won't be used in means of a comparative ranking.

b) **goal-free evaluation as heuristic frame of reference**

Foundations are important players in society. Beyond the capabilities of business or government they contribute to the society in form of innovations or in performing other roles[15]. Through the praxis of evaluation (at least in cases where evaluation results are integrated in further foundations processes), the positive outcomes of foundations on society can be made more useful.[16]

The praxis in foundations evaluation is mostly focused on program evaluation. Historically, these evaluations are orientated on goal-attainment, which means that predetermined goals are screened regarding their implementation.[17] This type of evaluation praxis is very important as it directly helps to identify key points foundations have to assess.

Nevertheless, besides the evaluation of programs (= the foundations output), it is of great importance to have a closer look at organizational structures and development (= the organization itself) for the foundations´ effectiveness. If basic structures, like for example administrative processes concerning the selection processes, are not considered to be effective and regarded as adequate and fair, this deeply hits on the reputation. This is why the study, different from other surveys, focuses on the evaluation of organizational processes.

To do so, we used a method as heuristic frame of reference, which is also localized in the area of program evaluation, called the goal-free evaluation (GFE).[18] The Goal-free evaluation (GFE) measures *"all actual outcomes, effects, or impacts, intended or unintended"[19]*. As a methodologically neutral research approach, GFE works in combination with other

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[15] Anheier and Leat (2006)
[16] Greenwald (2013): 505
[17] Youker & Ingraham (2013): 51
[18] Ibid.
[19] Ibid.

evaluations concepts, and does not need to stand alone.[20] This is why it fits well with the used approach of customer satisfaction.

Combining the concept of GFE and customer satisfaction and without defining expected goals or results, the survey intuitively asks the customers (= partners) of 11 foundations about their experiences with the foundation. As the survey is based on the intuitive concept of GFE, all answers, concerns and peculiarities are considered. While the main focus of the closed and open questions surely remains in the organizational structures, potential remarks on the overall effect of the foundation are not neglected.

As GFE requires that the evaluations takes place independently of the program / foundation[21], Learning from Partners as an evaluation conducted by the research institution CSI comprises the adequate qualities.

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[20] Op.cit: 54

[21] This also crucially important as an depend evaluation always has to consider that the grantees are finally evaluating an important source of funding

## III. Designing Learning from Partners

The core of the Learning from Partners project constitutes of a questionnaire that has been exclusively designed for obtaining a systematic and qualified feedback from the foundations´ applicants and grantees. Within the project context the term ´partners´ encompasses all persons, organizations and institutions, that – within a given time period – (1) have submitted an application, that had been granted (2) or declined, (3) obtain funding or (4) are in relationship of cooperation with the respective foundation. Addressing the declined applicants surely depicts one of the greatest innovations and challenges with the realm of evaluating foundations, especially with regard to the "grantee perception report" as reference project. There are further aspects that are to be mentioned when discussing the approach and the design of Learning from Partners:

(1) Between the German and the US-American foundations sector there are substantial differences[22]. Besides the classical grant making foundation, many German foundations are operatively active or pursue a mixed approach. Both strategies have been taken into consideration when designing the Learning from Partners questionnaire.

(2) As mentioned the survey addresses not only granted, but also declined applicants. Their experiences and perspectives constitute a significant source of insights and are appreciated, too. Their feedback could be gathered with a unitized questionnaire.

(3) Due to the mixed strategies and approaches of the participating foundations, their partners´ heterogeneity represented a greater challenge. The survey had to be also designed meeting these respective features.

(4) Finally, Learning from Partners differs from the US-American project in its initialization: whereas the Centre for Effective Philanthropy started its first waves of grantee perception on the basis of publically accessible data about foundation partners, Learning from Partners has been established on the participating foundations´ intrinsic interest and willingness to accept the challenge of an external evaluation.

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[22] Anheier 2014; Adloff 2005: 108 ff.

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The Learning from Partners questionnaire was designed along two guidelines. At first, the ideal-typical chronology of a partnership between the applicant and the foundation was figured. So the first chapter of items dealt with the application phase, ending with a filter question about whether the application had been granted or declined. The second chapter encompassed items on the project phase (in case of a decline on the communication of the unfavorable decision). The third chapter refers to the public perception and standing of the foundation. Finally, the fourth chapter inquired the structural data of the answering persons and organizations.

Besides the chronological guideline, four dimensions were central in developing the concrete items for the respective chapters. The first dimension focuses on the partners´ satisfaction with the contact to the foundation during all stages of cooperation. For operationalization specific items deal with the accessibility and responsiveness of foundations´ employees as well as on the foundation´s ability to react flexibly to unexpected circumstances. The second dimension involves all administrative and operative actions the foundation undertakes. Herein issues such as the procedure of decline are covered, as well as questions about the comprehensiveness of the foundations´ application and granting guidelines. All aspects of capacity building depict the third dimension when elaborating the chronological chapters. Extending beyond mere financial support, foundations have multiple ways of positively influencing their partners and applicants, be it during the application phase or the project phase. Improvements of individual competencies are inquired as well as changes in the organization the partners are located in. Finally, the survey comprises questions and items on the perception of the foundation from the partners´ point of view; furthermore, questions on the transparency of the foundation and its reputation could be positioned.

The survey consists of closed, semi-closed and open questions. Combing all question types was necessary due to the heterogeneity of the foundations, but also important for growing attractiveness among the partners in order to participate.

**IV. Empirical results of the first wave and implications for the participating foundations**

The first wave of the Learning from Partners project took place between September 2011 and August 2012. Based on the partner lists of the participating six foundations, 6482 partners have been invited via E-Mail. We received 1981 completely fully answered data sets, that made up a very good response rate of 30,5%. The data set comprises the answers of 1458 granted and 523 declined partners.

Concerning the partners´ satisfaction, the multitude of the partners commented predominantly positive on the cooperation and contact with the foundation: 65,6% highly appreciate the partnership with the foundation, this number suggests a large degree of satisfaction. Additionally, 85,1% of the grantees identify themselves with the foundations´ goals by contesting that their projects contribute to the foundations´ goals. With regard to the administrative complex, the foundations rather clearly communicate their requirements on an application through the guidelines. During the project phase the administrative effort for partners is considered as adequate. However, there are opportunities for improvement concerning the information policy: more than 30% of the partner didn´t know anything about the evaluation procedure and decision processes of their proposal. This is a first hint on the insufficient transparency aspect foundations are confronted with in public debate. Regarding the perception and positioning of the foundations in their respective field of funding and operation, foundations are appreciated as competent, reliable and highly renowned (more than 80% of all partners agree with this item) organizations, but also with a demanding attitude towards their partners. However, the results of the survey suggest that foundations are less innovative and flexible than they consider themselves or are considered in literature[23].

The participating foundations were responsive to the results and recommendations that could be drawn from the first wave. Edited in individual reports each foundation had been flagged to its comparative shortcomings and had been given possible hints for improvement. Actually, with regard to the administrative aspects, each foundation has tried to improve: Stiftung Mercator, for example, has implemented a two-stage application procedure. The

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[23] see CSI 2012: 10 ff.

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Volkswagen Foundation has improved internal processes related to staff changes and the introduction of new program managers. The Fritz Thyssen Foundation has revised its web presence and started listing contact people for each funding area. In terms of a continuous improvement process, Learning from Partners is set up for repetitive circles in order to accompany and assist the organizational development of the foundations.

## V. Preliminary results and first findings of the second wave

The second wave of the Learning from Partners project began in September 2014 with an increased number of participating foundations. Among the currently eleven foundations, there are five out of the six organizations of the pilot phase again participating. These organizations fully benefit from the trend design of the Learning from Partners study, because now organizational aspects are traceable.

With regard to some preliminary results of the 2015 cross – sectional survey, foundations are furthermore considered as renowned and reliable organizations, but as less innovative and still less transparent compared with the very good results of the other items.

*GRAPH I: The foundation has a reputation for being an organization that*



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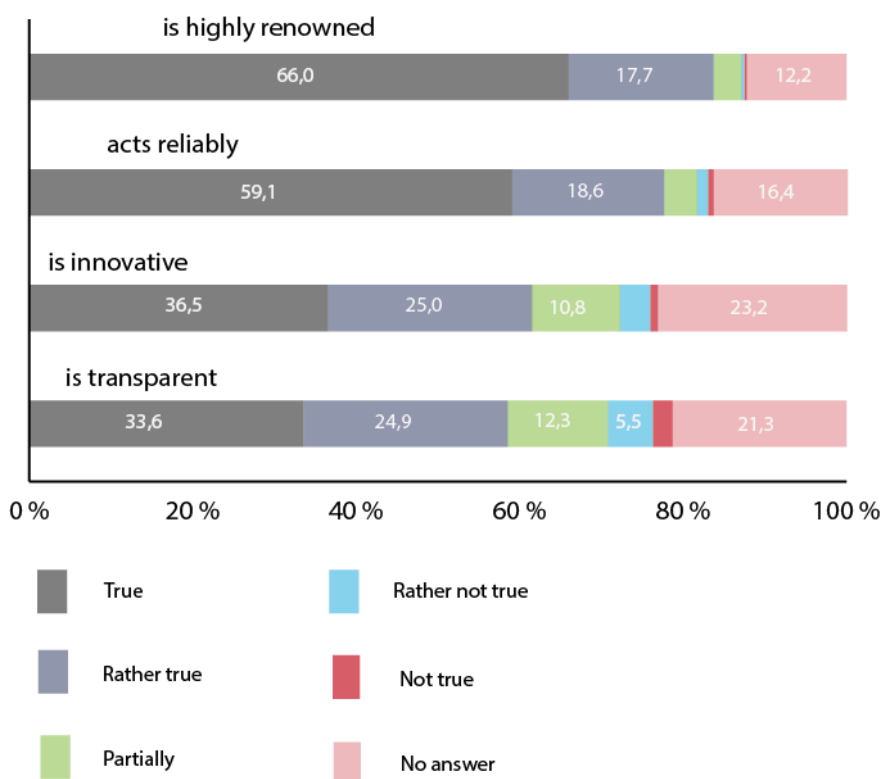
With special regard to the longitudinal trend analysis it is highly interesting how the foundations in the perspective of their partners have changed during the past three years. In areas where the recommendations of the 2012 study have been internally accepted and realized, positive aspects could be identified. For example, the survey asks for the formal prerequisites concerning an application. In 2012, these guidelines have been judged as rather clear, but there were possibilities for improvement, because with clearly formulated guidelines the foundation receives applications that fit to their expectancies; and with respect to the partners, they face a reasonable expense during the application phase. The 2015 survey reports more positive results for the approval of these modified application guidelines, as shown in the graph.

*Graph II: The formal requirements for applications are well-defined.*

| 70,20 | 55,20 | 15,90 | 29,60 | 6,90 | 6,90 | 1,20 | 3,00 | 0,70 | 2,10 | 5,00 | 3,20 |
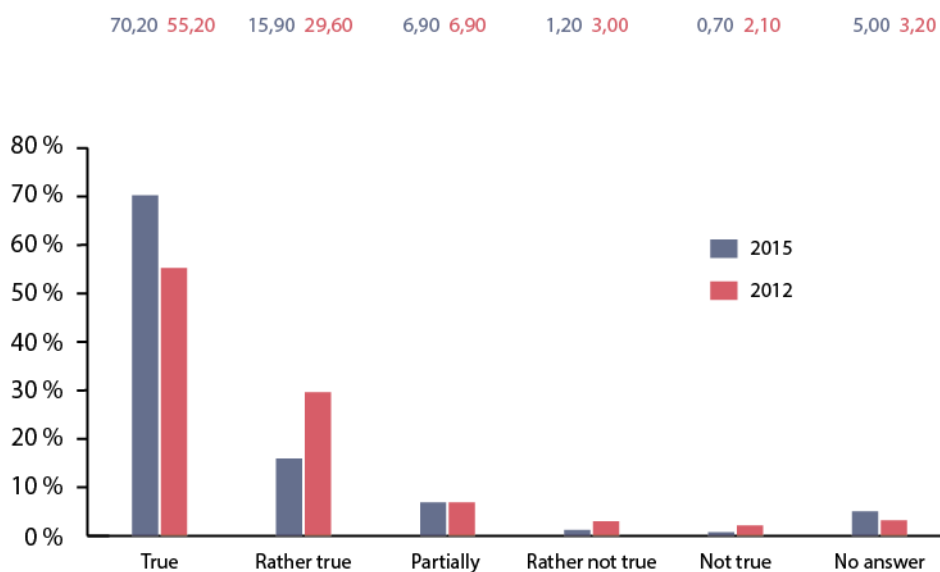


However, there are items identified where there were no modifications within the foundation and consequently, in the responsiveness of partners. For example, foundations limitedly enjoy the reputation of being a transparent organization. The partners were asked how they rate the transparency of decision-making processes. With the comparing analysis, this judgment hasn´t improved, but rather stagnated or even declined: whereas in 2012 26% of the partners rate the transparency of decision-making processes as very good, there are only 21, 7% in 2015 who would share this estimation. Instead, an identical percentage of

partners have changed their estimation and rather judge the transparency as "good". In conclusion, this feedback implies a continuing field for possible improvements for the participating foundations. Additionally, the result signals the validity and reliability of the questionnaire and the methodological accurateness of the Learning from Partners project.

*Graph: How do you rate the transparency of the decision-making processes?*

21,70 26,00    40,00 35,20    20,60 21,10    6,30 7,30    1,80 2,70    7,40 7,70
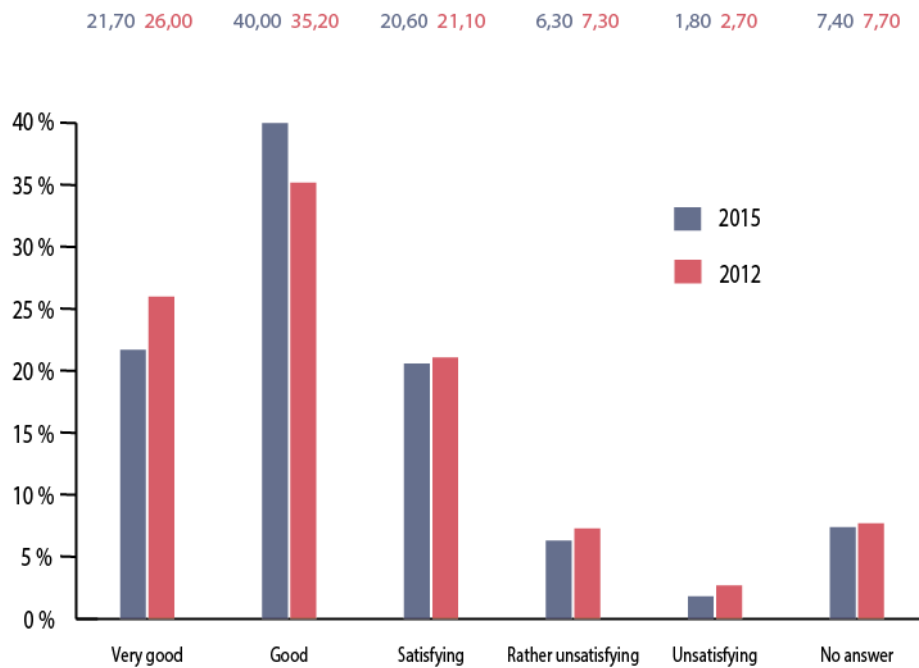
## VI. Conclusion and prospect

In its second wave Learning from Partners has increased the interest among foundation for being an independent, overall approach of foundation evaluation. For the participating foundations, the results offer a systematic and qualified feedback on the organizational performance and contain praise and appreciation on what works in the relationship between the foundation and its partners. Besides, the evaluation project presents individually-tailored indications and recommendations for specific tasks within which the foundation can improve its actions. Of course, the recommendations are not to be seen as normative necessities, but must be internally discussed and developed. Furthermore, the quantitative results not automatically imply a need for professionalization. If there are some below-average results, it is further necessary that the fact of consideration falls within the realm of the foundation and is part of the strategy. Purely grant-making foundations may not focus on their partners´ capacity building effects, nor may they be placements agencies for recommending other funding possibilities in case of a declined application. All these aspects are taken into consideration when analyzing the partners´ feedback.

Next to the growing national interest of Learning from Partners as expressed by the increased number of participating foundations, there is interest from abroad; with colleagues at the Copenhagen Business School the approach is planned to be applied in Denmark. So Learning from Partners may arrive at representing a scientifically funded, standard evaluation tool for the professionalization of foundations´ activities.

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