# Philanthropy for Systems Change: An Exploratory Study

# Abstract

Systems thinking emerged a century ago and has permeated many disciplines, from sociology to environmental sciences. We have recently observed a rising interest for *systems change* among social sector practitioners aiming to tackle entrenched social problems. Relatedly, criticism has targeted grantmaking foundations for failing to support “changemakers” due to inappropriate funding practices. Recommendations for funding systems change and shifting the status quo in philanthropy are surging. However, we know little about foundation executives’ representations and practices regarding systems change. In this exploratory study combining in-depth interviews (n=15) and a survey (n=101) with leaders of large French foundations, I reveal important gaps between a marked interest for systems change and current funding practices. I present key obstacles and discuss the prospects of diffusing *systems change philanthropy* more widely.

**Keywords:**

Systems change, systems thinking, philanthropy, foundations, grantmaking.

Systems change is a hot topic in the social sector. Borrowing ideas from the systems thinking tradition (Ramage & Shipp, 2009; Reynolds & Holwell, 2020), a growing number of social entrepreneurs and nonprofit leaders are tackling social problems with a systems mindset (Mair & Seelos, 2021). However, a major problem identified by these actors is the flaws of traditional philanthropy for effectively funding systems change (Ashoka, 2020a). Practices such as one-year grants for projects, refusal to fund overhead, and burdensome application and reporting processes, are accused of preventing “systems leaders” to reach their potential (Co-Impact, 2021). Support organizations like Ashoka have recently published recommendations for “funding systems change” (Ashoka, 2020b; GEO Funders, 2016). Proposed solutions include studying systems carefully, investing in research and competences, supporting systemic leaders over many years, treating them like equal partners, providing flexible funding, building alliances with other partners, and adapting constantly.

While management and organization theorists have recently rediscovered systems thinking and systems change (Grewatsch, Kennedy, & Bansal, 2021; Mair & Seelos, 2021), it has not been the case in nonprofit scholarship. A rapid search in the archives of *Nonprofit and Voluntary Sector Quarterly* only points to a couple of studies mentioning systems or “systemic” change (Lake, Reis, & Spann, 2000; Quinn, Tompkins-Stange, & Meyerson, 2014), and a few books reviews. While professionals in the social sector are debating the merits and implications of funding systems change, academic research is lagging behind. This is problematic because funding systems change represents a distinctive strategy for foundations that may challenge the status quo in organized philanthropy (Frumkin, 2010; Mair & Hehenberger, 2014). Nonprofit scholarship would benefit from studying how systems change relates to core questions of the field, such as the power dynamics between donors and grantees (Barman, 2008; Ostrander, 2007), and the perspectives of nonprofit leaders on funding sources (Kearns, Bell, Deem, & McShane, 2014; Lecy & Searing, 2015). Importantly, as systems change may be “accelerating toward buzzword purgatory” (Starr, 2021), we need to know how funders themselves grapple with the concept and the extent to which it resonates with actual funding practices.

This exploratory study addresses this gap by asking leaders of French foundations about both their understanding and practices of funding systems change. As an invited researcher in a collective of philanthropic funders and social entrepreneurs, I was able to conduct in-depth interviews (n=15) and access the results of an online survey (n=101). Two key lessons emerge from this study. First, while foundation leaders demonstrate interest and appreciation for systems change, it is rarely reflected in their current funding practices. Second, there are six important obstacles preventing foundations from funding systems change more thoroughly. Third, I suggest that *independent foundations*, i.e., foundations funded by endowments from a single source that do not rely on fundraising, are in a better position to fund systems change than corporate and public foundations because they are less exposed to stakeholder pressures. This study contributes to put systems change, an emergent style of philanthropy that has received scant academic attention, at the agenda of nonprofit scholarship. By capturing the unique perspective of foundation executives, it provides a sobering perspective that contrasts with the enthusiasm of systems change advocates. Systems change is an alluring model that could challenge established funding practices in the social sector, but its diffusion beyond a minority of pioneers and advocates is questionable.

# Theoretical Background

The notion of “systems change” is grounded in a century-old intellectual tradition called systems thinking. Below I define what systems are and broadly review what we know about how systems change. Then I present how social sector practitioners have recently borrowed these notions to frame new solutions to address entrenched social problems, but also to criticize the obstacles that traditional philanthropic funding represent for systems change.

## Systems Thinking and Systems Change

A *system* is “a set of things — people, cells, molecules or whatever — interconnected in such a way that they produce their own pattern of behavior over time.” (Meadows, 2008: 2) Characterized by interactive and interdependent components, systems form a whole that has a life of its own and emergent properties (Holland, 1998). Greater than the sum of its parts, a system cannot be readily understood by “splitting it down into its parts and looking at each in isolation.” (Ramage & Shipp, 2009: 1) The more elements and relationships in a system, the more *complex* it is. This is reinforced by systems’ fuzzy boundaries and the presence of feedback loops and multiple, nonlinear relationships (Foster-Fishman, Nowell, & Yang, 2007).

Interest for systems date back to antiquity, but *systems thinking* as an intellectual movement emerged a century ago and peaked in the 1970s. Austrian biologist Ludwig von Bertalanffy’s (1969) developed a *general systems theory,* aiming to unify all natural and social sciences in one grand theory explaining all systems. While such ambitious promise failed (Buckley, 1967), systems thinking has influenced scholars in many disciplines, generating numerous and inconsistent perspectives (Grewatsch et al., 2021). Researchers have studied two broad types of systems (Checkland & Haynes, 1994). *Hard systems* refer to concrete, physical entities that exist in the real world, from the climate system to supply chains and computer systems. *Soft systems*, in contrast, are viewed as social constructions that largely depend on people’s choices and preferences, as in the case of welfare, healthcare or prison systems. In such systems, subjective evaluations matter as much as objective features (Mair & Seelos, 2021). Mental representations, social norms, resources, and power relations play prominent roles in developing and maintaining them (Ulrich, 1988). Below, I refer to such “soft” systems when using the generic term.

Large and complex systems evolve and adapt constantly, but slowly. Deep-seated beliefs and structures may contribute to preserving the status quo, i.e., the current system state. As they follow “their own pattern of behavior” (Meadows, 2008), systems seem immune to individual interventions. However, “a small shift in one thing can produce big changes in everything” when *leverage points* are activated (Meadows, 1999). While interventions may have unintended consequences, there are countless historical examples of spectacular transformations of large-scale systems (e.g., regime change, abolition of slavery, etc.) led by few organized actors – including nonprofit organizations and social movements (Clemens, 1993; King & Pearce, 2010). Understanding *systems change*,i.e., what happens when the form and function of a system are altered and the status quo shifts (Foster-Fishman et al., 2007), is thus a crucial question.

## Systems Change to Address Social Problems

The notion of systems change has generated a growing interest in the social sector (Kania, Kramer, & Senge, 2018; Martin & Osberg, 2015; Seelos & Mair, 2018). Defined as “a change in the policies, processes, relationships, knowledge, power structures, values, or norms of participants within a system that affects a social issue” (Kramer, 2017), systems change has garnered attention from nonprofit leaders, philanthropic foundations, and social entrepreneurs. Since 2015, the *Stanford Social Innovation Review* has published more than 30 articles about it (Kramer, 2017; Seelos & Mair, 2018). Professional networks and think tanks like Ashoka, FSG, and New Philanthropy Capital have issued guidelines and recommendations for social sector practitioners (Abercrombie, Harries, & Wharton, 2015; Ashoka, 2020b; Kania et al., 2018). Co-Impact, a “global collaborative for systems change” created in 2017, is pooling resources from major philanthropic funders to build “more just, inclusive, and effective” systems. According to Farley et al. (2021), we are witnessing a “systems turn” in the social sector, “a new wave of systems enthusiasm.”

In the social sector, systems usually refer to “the set of actors, activities, and settings that are directly or indirectly perceived to have influence in or be affected by a given problem situation.” (Foster-Fishman et al., 2007: 198) Proponents of systems change in the social sector seek to address persistent *social problems*, i.e., what members of societies or groups collectively define as a problematic condition, through assertions of grievances and claims (Spector & Kitsuse, 1973). Instead of trying to “solve” them by directly serving beneficiaries, they aim to shift the conditions that are holding these problems in place (Kania et al., 2018; Seelos & Mair, 2018). Champions of systems change say that they address root causes rather than symptoms (Ashoka, 2020b) and focus on “indirect impact” in addition to – or instead of – “direct impact” (Mühlenbein & Haverkamp, 2019). Social sector actors adopting this approach aim to transform unjust, suboptimal, and unsustainable system states into new, superior equilibria (Martin & Osberg, 2015).

How to achieve systems change, then, when addressing social problems? Various methods or approaches were introduced as early as in the 1970s, such as the strategic options development and analysis (SODA) or the soft systems methodology (SSM) (Reynolds & Holwell, 2020). More recently, Foster-Fishman et al. (2007) proposed four generic steps to follow: bounding the system, identifying fundamental parts, assessing interactions, and identifying levers for change. In Co-Impact’s (2021) handbook, five core activities are supported: addressing power and the political economy, focusing on a few key levers (e.g., policy, mandates, incentives), building coalitions, strengthening organizational capabilities, and learning and adapting constantly.

## Funding Systems Change

Pursuing such approaches to social problems may appear daunting. Systems change takes a lot of time, it is unpredictable, messy, risky, and very difficult to measure (Farley et al., 2021; Starr, 2021). Adopting a “systems mindset” is likely to be a tough sell for social sector funders who are usually looking for programs that deliver direct, immediate impact – which is already difficult to achieve (Gugelev & Stern, 2015). A key trend within the “systems turn” is to frame a gap between social change actors’ ambitions and funders’ practices. Philanthropy is criticized for focusing on short-term solutions and direct service programs whose results are easy to measure, while placing too many constraints on changemakers (Ashoka, 2020a). Small, restricted, one-year grants with over-burdensome requirements (e.g., application, funding, reporting processes) take away valuable time and energy from doing the core work necessary to change systems (Co-Impact, 2021). Power dynamics force grantees to adapt to the multiple and, often, contradictory demands from their funders, who rarely coordinate and each have their own set of requirements (Rutsch, 2019).

To develop systems change approaches, new funding practices are presented as necessary. Support organizations like Ashoka have recently published recommendations for “funding systems change” (Ashoka, 2020b; GEO Funders, 2016; SIX, 2016). Proposed solutions include studying systems carefully, investing in research and competences, supporting systemic leaders over many years, treating them like equal partners, providing unrestricted and flexible funding, building alliances with other public and private partners, and adapting constantly. While a few prominent foundations in the United States and in Europe (e.g. Rockefeller Foundation, Lankelly Chase, Degroof Petercam Foundation) have officially endorsed these approaches, we know little about ordinary foundation executives’ representations and practices regarding systems change. My research question is thus: *What do foundation leaders understand about systems change, and how is it reflected in their current funding practices?*

# Method

The dynamic conversation on systems change in the social sector reviewed above is happening in several countries around the world. In 2021, in the wake of the *Embracing Complexity* report published by its German counterpart, Ashoka France launched a collective of philanthropic funders and social entrepreneurs called *Racines*. Its goal was to make the notion of systems change more accessible and to encourage philanthropic actors in France to be more “systemic” in their strategies and practices. As an invited researcher, I was able to participate in early discussions and to negotiate access to data. Two studies (an online survey and a series of in-depth interviews) were conducted with representatives of French foundations to hear their representations of systems change and to analyze their funding practices. While I had *post hoc* access to the raw survey data and was able to discuss results with the team in charge of data collection, I designed, supervised and analyzed the qualitative interviews.

## Online Survey

The first study was an online Typeform survey designed and conducted by the research teams of two members of the *Racines* collective. Its main goal was to measure the degree of familiarity of respondents with systems change, the extent to which their organization already used this approach, as well as perceived obstacles and opportunities to adopt it (see Figure 1 for survey questions). The survey’s population consisted of the leaders and staff of French *grantmaking* foundations and endowment funds[[1]](#footnote-1) – about 4,000 organizations and 81% of all philanthropic foundations in France[[2]](#footnote-2) (Observatoire de la Philanthropie, 2020). An invitation to complete the online the survey was sent by email to a sample of 940 contacts working in 896 organizations. The sample was not randomly selected; it consisted of the largest available database of grantmaking foundations in the country, with active and up-to-date email addresses. We thus do not know the extent to which the sample represents the target population (there is no comprehensive public data on grantmaking foundations in France), but it was the best available alternative. Invitations were forwarded to the members of two national associations regrouping corporate and family foundations. Follow-ups were sent and the survey stayed online between April 20th and May 27th 2021. In total, the survey was completed by 101 respondents.

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Insert Figure 1 here

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With a response rate and a margin of error of roughly 9%, data should be analyzed with a grain of salt. Responses were exported in a spreadsheet and simple descriptive statistics were conducted. Recent foundations were overrepresented: 90% of organizations in which respondents worked were created between 2000 and 2021, whereas available data on French grantmaking foundations report that 68% were created over the same period (Observatoire de la Philanthropie, 2020). Founders were mostly individuals (62%), with corporations second (39%), roughly matching the overall population (Mi=54%; Mc=36%). Respondents worked in relatively smaller foundations (74% reported 2020 expenses below €500,000), mainly using – and matching – the two most popular legal forms for organized philanthropy in France: sheltered foundations (47%) and endowment funds (30%). About half have permanent staff (55%), with very diverse size ranging from 1 to 23 people (M=2.17; SD=4.04). Finally, a wide range of causes were supported by respondents’ organizations, with social welfare (52%), education (46%), employment (26%), and arts & culture (23%) as the most frequently cited.

## In-Depth Interviews

To gain a deeper understanding of representations and practices about systems change among grantmaking foundations, a second study relying on qualitative, semi-structured interviews was conducted (Miles & Huberman, 1994). In collaboration with the *Racines* collective, I decided to interview leaders from experienced (i.e., at least five years of existence) and professionalized (i.e., with permanent staff) foundations in France[[3]](#footnote-3). I purposefully assembled a sample of 15 organizations with variation in origins, size, and scope. Seven were founded by a person or a family, six by a company, one by a nonprofit organization, one by the French state[[4]](#footnote-4). While three relied solely on family wealth and four on regular corporate budgets, all the other practiced fundraising to some extent. Yearly expenses varied from €300,000 to almost €200M. Two foundations were below €1M, six in the €1-5M range, and seven above €10M. The pattern was similar for staff size, ranging from 1 to 20 (M=8.35; SD=5.72), in addition to an outlier with 227 permanent staff. Causes supported were diverse but tended to reflect the primacy of social welfare and education among French foundations (Observatoire de la Philanthropie, 2020). Degree of familiarity with systems change was not taken into account in the sampling strategy.

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Insert Table 1 here

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Foundation leadership was approached by email and 15 interviews were conducted by a research associate between June 18th and July 28th 2021, online with Zoom or over the phone (see Table 1). On average, interviews lasted 58 minutes and were all recorded and transcribed. I created an interview guide structured around six key themes: knowledge and perception of systems change, role and ability of philanthropy for achieving systems change, foundation’s mission and strategy, foundation’s funding and support practices, relationships with grantees, and collaborations. As elite informants, foundation leaders present specific challenges for interviewers (Solarino & Aguinis, 2021). Leveraging the reputation of my academic institution as well as my experience and connections in the field of philanthropy, I built rapport with informants and created the conditions for honest and open conversations, allowing them to voice their ideas, concerns, and puzzles about funding systems change. For most, it was the first time they had the opportunity to talk about this emerging topic. To analyze interview data, I developed a simple coding scheme including first-order codes that were then grouped into broader categories (Saldana, 2021). Both the research associate and I coded the interview data, focusing on sentences as core units, and compared our work to increase intercoder reliability as much as possible (Campbell, Quincy, Osserman, & Pedersen, 2013). Table 2 presents the first- and second-order themes as well as illustrative interview quotes. Taken together, these studies offer interesting, if only preliminary, insights.

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# Findings

In this section, I report findings from both studies jointly and structure the content according to the research question, focusing first on informants’ representations of systems change (what foundation leaders know and think about it), then on their funding practices themselves (to what extent they already fund for systems change).

## Representations about Systems Change

Overall, foundation leaders understood and valued the notion of systems change. Survey data showed much variation in the degree of familiarity with the notion. While 44% of respondents reported moderate familiarity, 30% had low or no familiarity, and only 26% felt highly familiar with it. When asked respondents to identify three terms best characterizing the notion, popular responses among them included “collaboration”, “interdependence”, “innovation”, “root causes” and “scaling up”. In our 15 in-depth interviews, everyone was either acquainted or well-informed with it. For D.DIR, systems change “is completely consistent with what we do.” Interestingly, three informants (C.DIR, L.SEC, O.DIR) spontaneously mentioned the same adage to illustrate systems change: ‘Give a man a fish, and you feed him for a day. Teach a man to fish, and you feed him for a lifetime.’ For them, it is both a mindset and a method, and it requires a long-term horizon and a plurality of stakeholders.

Overall, interviewees expressed positive judgments about it: “I like the notion of acting at the root cause, which is the etymology of the adjective ‘radical.’ Very often, people criticize radical changes or radical methods. I tend to see them positively.” (E.DIR) However, they also voiced criticism towards the term itself: “jargon” (H.MAN), “intellectual mumbo-jumbo” (N.DIR), “too technical” (M.DIR), “a very complicated word to describe very simple things” (C.DIR). Half of informants explicitly criticized its abstract and highbrow nature, and the gap with ordinary language of practitioners and the general public. This is reminiscent of Starr’s (2021) sneering remark: “Just saying the words aloud makes me feel like one of the cognoscenti, one of the elite who has transcended the ways of old-school philanthropy.”

Foundation leaders nonetheless agreed that philanthropy has a unique role to play in supporting systems change. 74% of survey respondents used a 4 or 5 score (M=4.1; SD=1.05) to this specific question, and interviewees were all convinced and explained philanthropy’s distinct contribution to systems change. Their answers converged around the chief idea that “foundations can fund experiments” (N.DIR), “fund this part of ‘madness’ that is a little risky” (D.DIR), have “this capacity to innovate, to go fast, and to screw up.” (F.DIR) By supporting “nonprofit entrepreneurs who think ‘out of the box’” (D.DIR), “with a much lighter cost structure and much greater agility” (C.DIR) than public authorities, philanthropy is at its best at the seed funding stage, on a small scale, according to interviewees. It can provide systems leaders “long-term, very benevolent support, without pressure” while being able to “move quickly” (D.DIR) and provide emergency funding, too. It can also fund research and impact evaluation. Then, if the small-scale experiment is successful, “at some point, the government can take over, create a public policy or disseminate an innovation.” (H.MAN) A few outliers aside, interviewees agreed that public authorities “are the only ones, in France, that can make large-scale changes” (L.SEC). To generate systems change, philanthropy should thus collaborate with a coalition of public and other private partners to roll out solutions at scale.

## Funding Practices and Systems Change

It is one thing to agree with the idea of systems change, but it is another to put it into practice. Our findings suggest that it may be implicit in some foundations’ mission and strategy, but it is rarely an overt focus. Foundation leaders reported systems change to be “important” in their strategy (37%), yet for 28% of survey respondents it was only one approach among others. Only 19% reported that it was at the core of their approach. In our interviews, 10 out of 15 leaders claimed that their foundation incorporated a systems change goal, but only two (D.DIR, M.DIR) explicitly mentioned it in their mission statement, e.g., “our mission is, by definition, systemic” (D.DIR), and “we talk about [systems change] a lot, we all understand it very well. It is at the heart of our strategy and our actions.” (M.DIR) For others, systems change was “just one criterion among others.” (I.DIR)

In practice, do foundations in France walk the talk? The final survey section asked respondents to rate (from 0 to 5) the extent to which their organizations applied eight practices usually associated with “funding systems change.” (Ashoka, 2020b) While social desirability bias is likely to inflate how respondents grade themselves, even then, results suggest only moderate application. The highest ranked practices were encouraging collaboration among grantees (67% used a 4 or 5 score), far above providing non-financial support (53%), and supporting grantees for three to five years minimum (50%). The other five practices received lower support, the lowest being the use of specific criteria to select systems leaders (30%) being the lowest. Interview analyses suggest a significant gap between ideals and current practices.

*Unrestricted funding*, a staple of funding systems change, is somehow practiced by five foundations (D, H, I, J, M) but not by the others. For one informant, “you can’t just write a check and stop observing what’s going on.” (E.DIR) Fully unrestricted funds that grantees can use as they see fit conflicts with funders’ aim to understand and track how their funds will be used. However, most foundation leaders interviewed were ready to give more freedom to grantees once a trust relationship has been built: “As we are very close to them, and we follow them closely, it is really a matter of trust. We know these organizations will make good use of the money we entrust to them.” (H.MAN) Foundation leaders understood the burden that restricted funding represents for grantees, but they did not appear eager to go fully unrestricted.

*Long-term support* is another key feature of systems change, but what is “long term” exactly? Again, I found a gap between interviewees’ acknowledgement that systems change cannot be observed before 10 or 15 years at minimum and their current funding practices, which often involves two or three-year agreements. Such tension was palpable in several interviews, e.g., “Three years is never enough. All grantees want a much longer multi-year period” (I.DIR), “our grants are generally for one or two years, most often two years. In exceptional cases, we have been able to go up to three years. […] We understand that sometimes, grantees would like it to be more long term.” (E.DIR) In fact, only two (C, D) out of 15 informants claimed to support grantees without a time limit, provided needs and impact are lasting. In the other cases, resistance from board members or donors who favor “short-term efficacy rather than the ability to look far into the future” (B.DIR) was often mentioned as a key obstacle to multi-year funding.

*Finding systems leaders* and levelling the playing field (Rutsch, 2019), for instance by streamlining application processes (Ashoka, 2020b), is deemed crucial in funding systems change. Foundation leaders agreed and usually relied on several mechanisms to source and select them: open applications, thematic calls for proposals, proactive selection. A central criterion reported by interviewees was “the entrepreneur’s personality, attitude, and ability to lead and to pivot.” (H.MAN) But how to judge their potential to achieve systems change, concretely? According to one informant, “the problem is, I don't know if I'm listing the best [systemic] projects or just the people I like.” (F.DIR) According to M.DIR, it is more fruitful to think in terms of portfolio: “This is not about a series of projects that might be interesting individually. It is about a collection of actions and projects that, taken together, allow society to be set in motion and therefore have a systemic effect.” (M.DIR) While two respondents (D.DIR, F.DIR) actively tried to reduce application burdens, others were merely sympathetic to applicants without changing their practices: “We have tended to ask more and more questions in order to better respond to needs, but we are aware of the workload that this represents, for a level of selectivity that is quite high and that can be resented.” (E.DIR)

*Reporting and evaluation* about systems change are tricky. On the one hand, foundation leaders were convinced that impact evaluation is necessary to track grantees’ progress. On the other hand, increased frequency of reporting and reliance on simple quantitative metrics may obfuscate the messiness and nonlinearity of systems change (Farley et al., 2021). Our findings suggest that foundations more often monitor grantees’ progress on predefined objectives than their systemic effects: “We don't do impact measurement ourselves, nor do we fund impact evaluations. We do monitoring.” (I.DIR) As another leader explained, “the goal of systemic change cannot be time-bound. There is no beginning and end. We are not in ‘project mode’ with indicators to reach, and an end when they are reached.” (E.DIR) Overall, informants reported meeting once or twice a year with grantees for basic reporting, and asking for a more thorough evaluation at the end of the funding agreement.

Finally, *fostering collaborations* with a diverse set of stakeholders (GEO Funders, 2016) appeared quite consensual. As noted above, encouraging collaboration among grantees – whether ad hoc or formalized – was the most claimed practice by survey respondents, and was also favored by all 15 informants: “We are pushing hard for cooperation between organizations, to foster knowledge sharing and collaborations, allowing them to do more, better or differently by joining forces.” (E.DIR) Collaboration between funders themselves appeared less widespread, in both the survey and interviews. Practices varied a lot across respondents. While 9 out of 15 claimed to practice co-funding with other foundations, joint selection or evaluation of grantees are nonexistent. H.MAN, for instance, claimed that “we spend our lives connecting entrepreneurs with funders. We work hard to build and maintain relationships with other foundations so that we can redirect projects, even those that we do not support, to other funders.” For E.DIR, though, “we have small, ad-hoc alliances with a few other foundations that allow us to cooperate and divide the work a little, but this is not formalized.” (E.DIR) All agreed that progress is necessary in the foundation sector in France.

# Obstacles to Funding Systems Change

The results from both studies suggest that “systems change philanthropy” represents an ideal for many foundation leaders in France, albeit one that is difficult to translate effectively into practice due to several obstacles. In this section, I combine informants’ feedback, the literature, and my own critical analysis to map out six main challenges preventing foundations to adopt a systems change approach to their philanthropy, and a few opportunities to alleviate them.

In the words of D.DIR, “There are many obstacles. First, you have to understand what [systems change] is.” Indeed, the *complexity* associated with both the term itself and its content represents an important cognitive obstacle. As complex systems are composed of multiple moving and interrelated parts (Meadows, 2008), “there are many layers of analysis on top of each other.” (J.DIR). Such complexity may be too much to understand for foundation professionals without a proper knowledge of systems thinking. Four interviewees (C.DIR, F.DIR, G.DIR, N.DIR) had some harsh words to describe the “lack of brainwork” and “the paucity of strategies” in the foundation sector. Shortage of talented and trained professionals may thus prevent foundations from engaging in systems change.

Second, the *slow pace and uncertainty* of systems change makes it difficult for foundations willing to demonstrate tangible, short-term results to their audiences. Survey respondents seemed acutely aware that profound changes take several years to materialize, without certitude. This (very) long time horizon was cited as the primary barrier to funding systems change for their organization (49%). This seems critical for corporate foundations, which are often pressured by company executives, employees, and clients to communicate about ‘quick wins’ that are easy to explain: “For corporate foundations, the main obstacle […] is communication. They need to communicate on concrete projects to legitimize themselves. For that it is easier to do one-off grants, renewed each year, rather than to engage with in-depth action.” (K.DIR) Another corporate foundation executive noted: “We have a logic of action, of efficiency, which pushes us to value more measurable projects. This is not always possible for projects to change mentalities […] that are difficult to measure and take longer to produce their effects.” (N.DIR).

A third and related problem is the *competition from funding direct impact.* The fact that direct service programs are also worthy of foundation support was the second most cited obstacle in the survey (40%). For our interviewees, while “it is really interesting to do both service and advocacy” (B.DIR), there was a tradeoff between the two funding strategies. As H.MAN explained, “we are not going to sacrifice generations of people, saying, ‘I'm sorry, it's too late. We're not going to be able to feed you. You have to learn how to fish!’ We also need to fund projects that address the symptoms and have a direct impact on beneficiaries, even if it doesn't solve the root problem.” Emergencies such as the Covid-19 crisis or natural disasters force foundations to react and to support immediate relief. Under resource constraints, this could jeopardize foundations’ long-term support for systems change. This dilemma echoes the 19th century opposition between *Christian charity*, focused on alleviating sufferings of the poor, and *scientific philanthropy*, promoting permanent solutions to address the root causes of poverty (Gautier, 2019; Sulek, 2010).

Fourth, the *magnitude of social problems* was also cited as a major obstacle for foundation leaders, in particular for smaller foundations. In the survey, the third most selected obstacle (39%) was that respondents believed their organization lacked size and resources to support systems change at scale, a concern shared by half of interviewees: “In any case, our foundation alone cannot have a sufficient impact. We can’t pretend that we will achieve gender equality. We know very well that this goes far beyond us, no matter what level of investment we make.” (J.DIR) To address this obstacle, identifying leverage points in the system (Meadows, 1999) and focusing on a specific area of intervention would make sense. However, as one informant lamented, “foundations today are very rarely focused” (D.DIR). They tend to sprinkle grants on different projects without a clear strategy to exercise leverage, i.e., what Frumkin (2010) called a “theory of leverage”.

A fifth obstacle was mentioned by seven interviewees: *overhead aversion* and the refusal of many foundations to fund operating costs and development. A well-known problem in the nonprofit sector (Lecy & Searing, 2015), donor reluctance to fund operating costs leads nonprofit organizations into a starvation cycle in which they have to continuously raise funds for short-term projects. Such overhead aversion seems incompatible with a systems change approach. Some interviewees expressed criticism towards this focus on overhead, e.g., “some foundations […] don’t want to fund overhead, salaries, and recurring costs. I always try to debunk this approach, because funders have to help nonprofit organizations cover human resources, communication, and development expenses.” (B.DIR) The issue appeared more acute in corporate foundations and foundations that raise funds from the public. N.DIR, the head of a French multinational’s foundation, said that “all the presidents of large companies have become infatuated with the idea that they should not finance structural costs. Overhead are a horror to them. What needs to be financed are field projects, with many beneficiaries.”

Finally, *risk aversion* and conservatism among foundation boards was the final obstacle mentioned in the interviews. A paradox emerged from the findings. While “the function of philanthropy is to take risks” (O.DIR) that neither governments nor markets can, “risk [aversion] is real for philanthropic actors who are attached to their public image or dependent on the expectations of their donors” (E.DIR). The risk of failure, i.e., of funding organizations or programs that will not meet their objectives, was deemed problematic in the foundation sector. Again, as H.MAN mentioned, “risk aversion can be an obstacle, especially for corporate foundations that have a real image issue at stake, and for which failure is a problem.”

# Towards “Systems Change Philanthropy”?

To address abovementioned obstacles, foundation leaders mentioned two complementary pathways: *pedagogy* and *collective action*. Meeting with fellow foundations already engaged in funding systems change (47%) and with social entrepreneurs leading a systems change initiative (44%) were the most cited items to help mastering systems change. I found similar views from interviewees, e.g., “education, training, more awareness on these subjects, […] showing examples.” (K.DIR) For F.DIR, “we need to go out and preach about systemic change. […] We need to make these approaches better known so that foundations can build real strategies,” especially for beginners. Doing so will require new coalitions among funders and also between funders and social sector practitioners “instead of acting in silos” (E.DIR). According to F.DIR, foundations are well positioned to be effective conveners of such coalitions, beyond their financial capacity: “We have this neutrality. We have no political agenda. We don't have a money-making agenda.” Such collectives would serve to share knowledge openly, exchange practices, and document what works and what does not.

## Contrasting Foundation Types

Would more pedagogy and collective action be enough to diffuse “systems change philanthropy” more widely? Could *all* foundations engage in such an alternative approach? This study casts doubts about this assertion. Three distinct types of foundations emerged from the data analysis, and only one seems well-equipped to fund systems change: *independent foundations*. This term refers to private foundations that are usually funded by endowments from a single source (an individual, a family or a group of individuals) and that do not rely on public fundraising to support their activities (Jung, Harrow, & Leat, 2018). Since they do not depend from the continuing support of donors, they have much freedom in their funding choices and have few accountability and transparency requirements (Reich, 2018). Their independence allows them to eschew pressures from donors or board members to restrict funding to short-term, conventional projects with low risks of failure. As I.DIR explained, “systemic change is very complicated. It really requires donors to step back and think. It's much easier if you are in a foundation that doesn't have to raise funds. If you work in a family foundation with a large endowment, you can do whatever you want.” (I.DIR) Independent foundations “can fund anything and everything” and “have no constraints, as long as it is in the public interest.” (F.DIR) This allows them to fund experimentations by systems leaders with long-term and uncertain prospects, even in the absence of easy ‘key performance indicators’ to report.

In contrast, *corporate foundations* are at a disadvantage to adopt a systems change perspective. Corporate foundations are created and funded by companies, operated by a board of directors that is usually comprised of company officials, and may or may not have an endowment (Gautier & Pache, 2015). In France, the corporate foundation legal form (*fondation d’entreprise*) has no endowment as companies simply commit to five-year giving programs. This makes corporate foundations at odds with systems change strategies. As the director of a large French company explained, the corporate foundation “was not thought of as an instrument for changing society, but rather as a lobbying tool for the company.” (N.DIR) If corporate executives do not see concrete, short-term results from their philanthropy, they are likely to change course to favor more visible ‘quick wins,’ or to discontinue their giving altogether. According to J.DIR, who also manages a corporate foundation, “it is not easy to convince our board of the need to move forward in this direction. […] We’re not done educating our board members. We need to continue to fund research and show the successes that come from funding these frontline, activist organizations.” Stakeholders such as employees and clients may also put pressure on corporate foundations to support projects that they can relate to, for which they feel “collective empathy” (Muller, Pfarrer, & Little, 2014). And the more diverse the stakeholders, the more difficult for foundation executives to please them all: “we have to make a kind of compromise between employees’ expectations, between those for whom the environment is important and the others, the unemployed. We have to. What a family or private foundation can do, a corporate foundation cannot do because it has to satisfy multiple expectations.” (N.DIR)

*Public foundations*, i.e., foundations relying on public fundraising from a variety of sources (individual donors, corporations, other grantmaking foundations), face similar difficulties than corporate foundations. They are subject to public scrutiny and often have more strict rules in terms of reporting and transparency. In France, nonprofit organizations raising funds from the public have to publish annual accounts, declare national campaigns to the State, and publish a document detailing how funds were used each year. This dependence on donors, especially from the general public, makes a systems change approach unlikely because it is too abstract and requires high ‘overhead’ costs: “we have to seek funds from donors, who are more or less informed. And non-directed funds require a lot of education and pedagogy!” (I.DIR) Major donors, especially with a business and entrepreneurial background, may also favor concrete, short-term results: “they use their business-like reasoning: I want results very quickly, I want theories of change, I want an evaluation, I want to measure avoided costs, and if I don't have very tangible results in three or five years, I stop, I've screwed up, it's not good. […] I find that many people are in a hurry.” (L.SEC)

## Philanthropy as Part of the Problem

Even for independent foundations, engaging in systems change approaches may be challenging in an era of increased scrutiny and threatened legitimacy for organized philanthropy (Seibert, 2019). In recent years, a renewal of scholarly and journalistic critique of philanthropy by the economic elite has escalated (Giridharadas, 2018; Lechterman, 2021; Reich, 2018). A common criticism is that wealthy philanthropists wield too much power and use their giving as a way to serve their interests and legitimize their dominant position. Far from solving social problems, then, “philanthrocapitalism” (Bishop & Green, 2008) contributes to preserve the status quo and to mask structural causes of the very problems it addresses (Herro & Obeng-Odoom, 2019; Maclean & Harvey, 2016). Although they do accept all its arguments, foundation leaders in France are receptive to this new wave of criticism. Three of our interviewees shared their concern that philanthropy may be part of the defective systems they were trying to repair: “systems change related to inequity issues can challenge the very economic foundations on which some actors reside. […] A foundation that benefits from a system and that works to change systems, well, it can seem a bit inconsistent.” (I.DIR) According to M.DIR, “the philanthropic sector is looking for self-preservation. But we should aim to disappear instead.” According to K.CH, many philanthropists are trapped in a ‘separatist’ mindset in which you first make as much money as possible and then give some of it back: “there will be no systemic change until we bring the two hemispheres together.”

Systems thinking taught us that complex systems have a life of their own and cannot be understood by merely analyzing their components in isolation (Reynolds & Holwell, 2020). Foundations are part of the broader system of “philanthrocapitalism” (Bishop & Green, 2008) which intentionally redistributes a portion of the wealth generated and accumulated through capitalistic activities to serve public needs (Sulek, 2010). As such, philanthropy has played an important self-regulating and legitimizing role for capitalism, whose resources it depends on, allowing the system to maintain over time in spite of its flaws (Acs, 2013; Harvey, Maclean, Gordon, & Shaw, 2011). Funding systems change, an aspirational concept promoted by professional networks and think tanks in the social sector (Ashoka, 2020b; Kania et al., 2018), raises an important question: can foundations really “change” a “system” in which they are profoundly embedded? Answers to this question may vary across different categories or types of foundations (Jung et al., 2018). Beyond the original distinction outlined above between independent foundations and those which depend on the resources and approval of other stakeholders, analyzing other criteria could determine which foundations are compatible with a systems change approach. For instance, the origin of wealth that is redistributed by the foundation could be more or less aligned with the ambition to transform unjust and unsustainable systems (Martin & Osberg, 2015). System leaders would unlikely accept “tainted donations” from actors exacerbating the social or environmental problems at stake (Dunn, 2010), e.g., fossil fuel companies funding environmental conservation while lobbying against policies to reduce greenhouse gas emissions (Bonneuil, Choquet, & Franta, 2021). Nonprofit scholars could explore such criteria in more depth through empirical studies and theoretical propositions under which foundations can promote true systems change.

# Conclusion

In this exploratory study, I documented the rising interest for systems change in the social sector and the emergence of a movement aiming to reform philanthropy accordingly. As part of the *Racines* collective launched by Ashoka France, I was able to participate in an online survey (n=101) and to organize qualitative interviews (n=15) with foundation leaders in France. Both studies revealed interesting findings about the representations and practices of systems change among French foundations. While foundation leaders understand and value systems change, their current practices are partly disconnected from systemic ideals. As one informant confessed, “more often, we act to compensate, in a logic that sometimes still echoes charity, rather than a real transformation of the root causes of problems.” Key obstacles to funding systems change, such as slow pace and uncertainty, competition from funding direct impact, and risk aversion, are magnified for corporate foundations and foundations raising funds from the public. Contrary to independent foundations, they are pressured by corporate stakeholders and donors to prioritize projects that generate concrete, short-term results that are easy to understand, evaluate, and communicate. This raises concerns about the capacity of the foundation sector to adopt “systems change philanthropy” widely, beyond a minority of pioneers and advocates such as the Rockefeller Foundation, MacKenzie Scott, and other members of the Co-Impact initiative.

This research contributes to our understanding of an emergent style of philanthropy that has received scant academic attention. Whether “systems change” is another buzzword, e.g., “catalytic philanthropy” (Kramer, 2009), or a meaningful alternative to the status quo in organized philanthropy remains to be seen (Ashoka, 2020a). Additional data collection would be necessary to confirm emergent trends and themes from this exploratory work. As detailed in the methods section, the survey design did not match scientific standards (it was led by the research team of a grantmaking foundation in France), but it was a unique opportunity to draw initial information from philanthropic actors in France. More in-depth interviews may increase the robustness of the findings, although no clear consensus exists in determining the adequate sample size to reach saturation with interviews (Guest, Namey, & Chen, 2020). With these limitations in mind, I hope that this exploratory study jumpstarts more research and theoretical conversations on “systems change philanthropy.”

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# Figure 1

**List of survey questions**

1. What year was your fund/foundation established?

2. What is the legal status of your fund/foundation? [list of 8 legal statuses]

3. What is your fund/foundation’s main model? [operating, grantmaking, both]

4. Who are or were the founders of your fund/foundation? [list of 7 possible founder types]

5. How much did you spend in 2020? [list of 6 ranges of expenses]

6. What is the number of employees in your fund/foundation?

7. What are the top three causes for your fund/foundation? [list of 11 broad causes]

8. What are your geographical areas of intervention? [local, national, international]

9. On a scale of 0 to 5 (0 = never heard of it to 5 = expertise of the subject), please tell us how familiar you are with the concept of systems change.

10. Could you give us three terms or phrases that best characterize the concept of systems change?

11. As you read this definition of systems change, how do you see it relating to your organization? [list of 5 statements, from low to high alignment]

12. How would you describe your organizing principles and practices? On a scale of 0 to 5 (0=never, 5=very much or consistently) [list of 8 practices, to grade from 0 to 5]

13. There may be barriers to supporting systemic change. With respect to your fund/foundation, what would be the primary barrier(s)? [list of 7 predefined obstacles]

14. What would be most helpful to you in mastering the concept of systemic change? For you, what would be the three most relevant propositions [list of 6 predefined opportunities]?

15. In your opinion, is there a role for philanthropy in funding systemic change? On a scale of 0 to 5 (0 = no role, 5 = a critical role to play)

16. Would you agree to be contacted again to participate in a qualitative study on this topic? [yes, no]

# Table 1

**Characteristics of interviews**

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Name** | **Founding date** | **Founder type** | **Yearly expenses** | **Funding sources** | **Legal form** | **Staff** | **Causes supported** | **Person interviewed**  **[Code name]** | **Interview date and duration** |
| A | 2008 | Individual, Family | € 1-5 M | Family wealth, corporate giving, major donors, sheltered foundations | Public utility foundation | 10 | Employment | Executive director  [A.DIR] | 18/06/2021  63 minutes |
| B | 2009 | Nonprofit organization | € 1-5 M | Sheltered foundations, major donors | Public utility foundation | 9 | Social welfare | Executive director  [B.DIR] | 21/06/2021  48 minutes |
| C | 2010 | Individual, Family | € 1-5 M | Family wealth, major donors, corporate giving | Public utility foundation | 7 | Education | Executive director  [C.DIR] | 23/06/2021  60 minutes |
| D | 2008 | Company | € 1-5 M | Corporate giving, major donors | Public utility foundation | 3 | Education, Employment | Managing director  [D.DIR] | 25/06/2021  70 minutes |
| E | 1983 | Company | € 1-5 M | Corporate giving | Corporate foundation | 4 | Social welfare | Executive director  [E.DIR] | 29/06/2021  54 minutes |
| F | 1969 | State | >€100 M | Individual giving, major donors, sheltered foundations, corporate giving | Public utility foundation | 227 | Diverse causes | Executive director  [F.DIR] | 29/06/2021  72 minutes |
| G | 2005 | Individual, Family | >€10 M | Family wealth | Network of foundations | 7 | Arts & culture, Employment, Health, Education | Executive director  [G.DIR] | 29/06/2021  46 minutes |
| H | 2008 | Individual, Family | <€1 M | Pool of middle & major donors | Endowment fund | 2 | Diverse causes | Impact Manager  [H.MAN] | 30/06/2021  59 minutes |
| I | 2014 | Individual, Family | € 1-5 M | Major donors | Endowment fund | 1 | Education | Executive director  [I.DIR] | 07/07/2021  72 minutes |
| J | 2011 | Company | >€10 M | Corporate giving | Corporate foundation | 10 | Women rights | Executive director  [J.DIR] | 15/07/2021  55 minutes |
| K | 2003 | Company | <€1 M | Corporate giving, major donors | Endowment fund | 2 | Social welfare, Employment | Chairman & Executive director  [K.CH] [K.DIR] | 20/07/2021  50 minutes |
| L | 1987 | Individual, Family | >€10 M | Family wealth | Public utility foundation | 15 | Science, Arts & culture, Social welfare | General secretary  [L.SEC] | 20/07/2021  66 minutes |
| M | 2010 | Individual, Family | >€10 M | Family wealth | Sheltered foundation | 20 | Arts & culture, Food | Adjunct director  [M.DIR] | 21/07/2021  69 minutes |
| N | 1987 | Company | >€10 M | Corporate giving | Corporate foundation | 14 | Education, Environment, Social welfare | Executive director  [N.DIR] | 22/07/2021  65 minutes |
| O | 1984 | Company | >€10 M | Corporate giving | Corporate foundation | 13 | Arts & Culture, Social welfare, Environment | Executive director  [O.DIR] | 28/07/2021  25 minutes |

# Table 2

**Illustrative quotes for key themes from the interviews**

|  |  |  |
| --- | --- | --- |
| **Second-order themes** | **First-order themes** | **Illustrative quotes** |
| Representations about systems change | Understanding & appreciation of the concept | * “What is not systems change is giving after-school classes to fix a school system that does not produce equal opportunity. Systems change would require conducting experiments that are later integrated by public policy, by the school system, and that fundamentally change what is at the root of unequal opportunity.” (N.DIR) * “Frankly, I think that any cause is related to a complex, problematic framework by nature. The approach should always be systemic. […] Any social problem always has ramifications in many, many areas: economic, social, political, academic, etc.” (M.DIR) * “One should not be afraid of complexity. We suffer a lot from this illusion of simplifying things, of believing that every question asked has a binary answer.” (E.DIR) |
| Confusion & criticism of the concept | * “Systems change is a very complicated word to describe very simple things, don't you think? [...] I mean, it sounds like a civil servant writing yet another memo. […] It's not easy to understand for some people. It dehumanizes what is being said and done. And funders, you know, ultimately need emotion.” (C.DIR) * “This definition is ambitious, we understand it, but it is incomprehensible for the general public. […] It is intended for scholars, given its complexity. But not at all for operational-level practitioners, even if they actually do that.” (K.CH) * “What doesn't show up [in Ashoka’s definition] is that it requires a fanatical will. Because frankly, it’s not just a ‘process’, you have to be ready to take hits, to fail, to lose money, to see social entrepreneurs in burnout... The objective is very well described [...] but I would add that [systems change] requires a fierce desire for change.” (L.SEC) |
| Unique role of philanthropy for systems change | * “The state can't take the risk of financing something that can fail! […] Foundations can fund experiments which, if they prove their concept, could tomorrow be taken up by public authorities and become a public policy.” (N.DIR) * “We are here to make the impossible possible, and to be a lever for change. It's like dominoes. We are the first domino and we have to hope that afterwards, everything will fall into place.” (O.DIR) * “I try to find a very small solution, at a very local scale, that works. I take this experimentation, I put in scientific means, I describe it, I protocolize it, I evaluate it, I randomize it, I get the Paris School of Economics to work on it and I get something that works, indisputably. I then go to the public authorities because they are the only ones, in France, that can make large-scale changes.” (L.SEC) |
| Funding practices and systems change | Important, but rarely explicit in foundations’ strategy | * “At the beginning, when we developed our mission statement, we focused on improving the living conditions of women and girls in the world. If we want to develop a systemic approach, we have to change this mission statement and tackle the much broader objective of gender equality.” (J.DIR) * “For the past thirty years, our foundation has always been concerned with building action programs with the ultimate goal of bringing about change in society.” (F.DIR) * “We work at the level of the system to identify the different leverage points that all the projects we support will activate, and the extent to which this system is changing, evolving, moving forward, in the direction that we defend. […] There are no rules. Honestly, what we're doing is trying to fund what the ecosystem needs to successfully transform itself.” (M.DIR) |
| In practice: 1) unrestricted funding | * “Our funding is never unrestricted. […] Why? The underlying idea – which was decided years ago – is that if we support a nonprofit’s overhead, we create dependency and it will suffer, then, when we stop funding. Whereas every project has an end. We tell ourselves that we will not put the structure in difficulty.” (N.DIR) * “[Unrestricted funding] sounds good to me. Indeed, it is necessary to reinforce a type of organizations in the ecosystem. Why not? But generally speaking, systems change does not only involve this. It can be one of the tools, but it does not answer all the questions.” (M.DIR) * “What we are pushing for is to do unrestricted funding, which allows people in the field to decide whether it is better to fund direct service, systemic change, or both. […] A partner organization once told me that one non-earmarked euro was equal to three earmarked euros, in their estimation.” (I.DIR) |
| In practice: 2) long-term support | * “I you want to solve a problem, to see systemic change happen, you cannot pull your chips every two years. It would not make sense. Systems change does not take a year and a half to happen.” (C.DIR) * “You can’t rely on one-, two- or three-year programs. You have to be at least, in my opinion, on five, if not six years terms, to see the first signs and change and be able to measure it.” (D.DIR) * “I have always been a little shocked that some big corporate foundations have a budget of one or two million euros, which is nothing compared to their turnover, and have a grantmaking policy that excludes multi-year support. It is only one-off, sometimes with one renewal” (L.SEC) |
| In practice: 3) finding systems leaders | * “Going in the field, spending at least half a day with each of [applicants in the last round], is really decisive. That's when you really see if there's a fit. It's when you're on the inside that you see. There are people who write great applications, but in fact, when you see them, it changes everything. And that's important!” (D.DIR) * “We really pay attention to the ability of a nonprofit to change the systems and causes that create negative consequences for children and youth. It's specified in our criteria that it's something we look at. It’s not compulsory […] but it is one of the criteria.” (I.DIR) * “[Saving time for applicants] is an obsession, really. We're very careful not to make it too burdensome. We also ask for their feedback at each stage: did you learn anything from it? Super important.” (D.DIR) |
| In practice: 4) reporting and evaluation | * “When we do one-year due diligence, it is really heavy. The reality is that those who have been in our portfolio for ten years are quite happy. In any case, our due diligence helps them think. […] Basically, we give them a full review of their organization.” (C.DIR) * “What we do is that we don't earmark our funding. They use as they wish, but we still ask for impact objectives. For us, the main objective is not how the money is used, it’s the results.” (D.DIR) * “The problem for us is that defining the impact on this or that cause is a subject that we are struggling with. We try to progress. This is a topic that we will work on for the coming months, for our entire evaluation strategy.” (F.DIR) |
| In practice: 5) fostering collaborations | * “A corporate foundation has three interests to satisfy. It must satisfy the public interest. We all agree. And that would argue for collaboration. But it must also satisfy the company, with an external image issue, and it has no interest in collaborating. And then there is an internal issue of creating pride, commitment, and loyalty among its employees, as an ‘employer brand’. And there is no incentive to collaborate either.” (N.DIR) * “You may have identified the problem and its causes. But if all stakeholders are not mobilized and ready to gather in one place, if [...] there are not enough initiatives on the ground to go and experiment, you will fail.” (F.DIR) * “We have a lot of community-building and networking strategies between the projects that we fund, and with their own ecosystems, because a lot of times they're not connected enough to other interesting actors.” (M.DIR) |
| Obstacles to funding systems change | Complexity | * “Corporate foundations are nice havens for ending a career, with very little thinking on the subjects that we address. There is a real lack of brainwork. If we don't think about the nature of the problem, we won't find a solution!” (N.DIR) * “Family foundations and private donors value touching, seeing, feeling, being in contact with beneficiaries, seeing their direct impact. It's an emotional dimension. And when attacking the root of a problem, trying to deconstruct it, to understand it and to think long term, it's more of an intellectual endeavor, it’s more rational.” (H.MAN) * “Really, I'm struck by the paucity of foundation strategies. There are none, in fact. How else can I put it? That's it. So, there's a huge task ahead.” (F.DIR) |
| Slow pace and uncertainty | * “All these processes are very slow, so it takes a lot of time. Maybe a lifetime is not enough to really see them fully completed.” (M.DIR) * “Our vocation is to help people who are not doing well today. […] In the foundation sector, you're going to find some who focus on ‘today’ and others who focus on ‘tomorrow’. I don't think one is better than the other.” (F.DIR) * “Some corporate foundations will focus on emergencies, on easy problems, because they have an obligation to communicate, it’s part of their public image.” (D.DIR) |
| Competition from funding direct impact | * “In the minds of our employees, as a large company, but also of the general public, foundations are expected to respond to emergencies, whether it's tsunamis, catastrophic fires. I think that the public expects this, spontaneously. [...] If we are not present there in time, for all the people who live there, the Foundation is failing.” (N.DIR) * “We really thought about it during the Covid crisis. What should we do? With our board we decided to stay the course, to support long term social innovation. Because most funding, public or small donations from households, will go for emergencies, like hospitals. […] We decided that we should absolutely stay there, or else we would put our partners, our social entrepreneurs, in jeopardy.” (D.DIR) * “Both [direct and indirect impact] are essential. […] Yet what makes advocacy legitimate is often an organization’s capacity and track record of addressing a social problem with its own activities – not only theoretically or politically.” (B.DIR) |
| Magnitude of social problems | * “We are obviously very small and that we will not do much compared to the immensity of the problems to be solved, with the means we have.” (N.DIR) * “What is missing from your definition is the notion of quantity, of scale. At some point, one must reach a minimum number of people to have a systemic dimension. When programs remain at a small scale, it can’t be systemic.” (C.DIR) * “Many foundations want to do everything, support many causes, but you can't be systemic about everything, it's impossible. So, you have to be very focused, very targeted. (D.DIR) |
| Overhead aversion | * “People [in foundations] have an aversion to funding operating costs, salaries. People like to run a program or a project, but they don't like overhead, or they allow ridiculous overhead that doesn’t really help. They leave that to others to fund.” (L.SEC) * “That old perception of ‘we limit costs, we limit staff’ is still there. But in fact […], staff is the impact. You can deliver vaccines, but if nobody gives them, it's useless. So, this whole notion of ‘no, we don't pay expenses or salaries’ is a bit silly, to me. […] We need to invest in the salaries of people who will deliver this systemic impact by conducting research, diffusing knowledge, creating partnerships. You need resources for that.” (D.DIR) * “Unlike traditional funders, the more operating costs there are, the happier we are. For us, it means that the nonprofit has understood that to grow, it must invest it its capacity. The problem [comes] from funders who laugh with contentment as soon as there is a lower share of overhead than the average ratio…” (C.DIR) |
|  | Risk aversion | * “The board of directors of most foundations are people in their seventies who don't want to take risks, in most cases. Some do when the founder wants to do it. But I have plenty of examples, which I can't talk about, of founders who wanted to take risks and the boards refused.” (K.CH) * “There is a certain propensity to stay a bit in the comfort zone, not too innovative, not too different. And it’s a pity because I think that in the seed stage and in experimentation, there is great value for philanthropy in supporting what is different, what is innovative.” (M.DIR) * “When you want to preserve yourself, you are more risk averse.” (M.DIR) |
| Opportunities towards systems change philanthropy | Pedagogy | * “My guess is that we need a lot more awareness and education. Maybe it's just because people don't know [systems change]. So disseminating information, publishing reports, organizing symposiums, etc., I think it is important. We also need the press and the media, which have really taken up the subject yet.” (O.DIR) * “They don't embrace the topic of systemic change. They aim for a short-term resolution of apparent problems, consequences of deeper causes. You see all the pedagogy that needs to be done!” (F.DIR) * “Projects have a right to fail. But it requires a bit of pedagogy and education, especially for people who are beginners in philanthropy.” (F.DIR) |
| Collective action | * “If, on a given topic, public authorities, the private sector and the nonprofit sector join forces, and the public authorities agree to delegate a public service to nonprofits, that, in return, have an obligation in terms of structuring, reporting and professionalism, I think that's great!” (C.DIR) * “We need to work a lot more on the idea of the commons. What we learn on a daily basis should be made available through Creative Commons licenses and other tools that allow for really sharing and managing knowledge openhandedly within the philanthropic sector. I think that would accelerate how systems change is considered and addressed.” (M.DIR) * “Philanthropy is often reduced to funding. This is annoying. First, philanthropy can create neutral space for all stakeholders. That's the beginning of the process, before we talk about money. […] The first quality of foundations is that, by construction, we are only there for the cause we want to address. We have no other interest.” (F.DIR) |

1. Endowments funds (*fonds de dotation*) are an alternative legal form for organized philanthropy in France. Created by law in 2008, they are easier to create and offer more flexible governance rules than traditional foundation forms. They have been a popular choice for families and firms looking to launch their philanthropic activities, so much so that in 2022, their numbers have surpassed those of foundations. [↑](#footnote-ref-1)
2. The remaining 19% have an “operating” model. They do not redistribute funds, but have their own operations instead: managing museums, heritage sites, hospitals, etc. [↑](#footnote-ref-2)
3. I ruled out newly created foundations and foundations without staff to increase the likelihood of having deep, informed conversations with all interviewees. I focused on France to avoid cultural differences among respondents. [↑](#footnote-ref-3)
4. In France, foundations can be created by one or several persons. According to Observatoire de la Philanthropie. (2020), individuals (54%), corporations (36%) are the most common founder categories, with nonprofit organizations and public authorities more rarely represented among founders. [↑](#footnote-ref-4)