

## ABSTRACT

European Research Network On Philanthropy  
8th International Conference Copenhagen, July 13-14, 2017

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### How you do or whom you know?: Examining the influence of board networks on the grant making of public foundations

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 Keywords: grant making, foundations, networks, diversity  
 Topic: Private and public foundations  
 Research method: Quantitative  
 Geographical focus: Single country (Other countries)  
 Type of article: Research article

#### Abstract:

Private foundations have often been accused of being elitist and reliant upon an economic system that perpetuates income inequalities, inequalities that often follow racial lines (O Connor, 2010). A growing body of research documents that larger, better-established organizations are favored in the private grant making process, as status helps to reduce the information asymmetries inherent in the ambiguous grants process (Galaskiewicz, 1985; 1997; Galaskiewicz & Wasserman, 1989; Grønbjerg, Martell & Paarlberg, 2000; Paarlberg & Moulick, forthcoming). However, we could find no empirical research that explicitly tests the relationships between race and foundation grant making. As countries across the globe become increasingly diverse, understanding the relationship between race and diversity has important implications for the redistribution of foundation assets and equity in the delivery of public services. Drawing upon concepts of relational status in interorganizational relationships (Podolny 2001), we test the effects that relational and racial status of board interlocks have on grant making.

Our data for this project comes from the Internal Revenue Service 990 reports of nine community foundations and their grant recipients in two American cities. Preliminary analysis suggests that larger organizations benefit more from high status boards than smaller organizations; suggesting that status provides cumulative advantage for well-established nonprofit organizations. Because race is another form of social status, we posit that relational status will provide less value to minority led organizations, in essence providing cumulative advantage for majority serving organizations. This research has important implications for policy that increasingly relies upon

private grant makers to support public needs, raising important questions about access and equity. Our research also extends existing models of grant making by testing the role of relational status in the grants process.

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