

Effects on Foundation of Organizational Effectiveness Activity: Perceptions of Foundation Officers

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This study describes the phenomenon of interest by American foundations in their ability to affect the leadership and management capability of the nonprofit sector. It presents the perceptions of senior foundation officers of the ways in which their organizations have changed and may change in the future as a result of their activity related to organizational effectiveness. This was a qualitative study based on data collected in anonymous personal interviews with foundation officials who were either experienced in or knowledgeable about this phenomenon. I asked them to offer their perceptions of organizational effectiveness activity on foundation purposes, structure, relationships, rewards, leadership, and management systems.

The study found that there is no clear definition of organizational effectiveness, but that activities seeking to accomplish it were nevertheless growing in use. In the attention paid in organizational effectiveness grantmaking to organizations rather than activities, they were found to have some impact on purpose. The effort to enable foundation staff competence in organizational effectiveness grantmaking and services has caused a distinct impact on foundation structure. Relationships were affected most of all, with increased honesty, depth, and respect in relationships between grantors and grantees, more contact among groups of grantees, more professional contact among staff within foundations, and more communication by foundations to the public. Significant was an increase in communication and collaboration among staff members in different foundations, made possibly by the focus on management, a subject of interest no matter what the program area. There is impact on rewards, as well: There is an overall increase in professionalism and an acceleration of the trend to recruit people with nonprofit management experience. There is a belief that those individuals who show themselves to be competent at grantmaking for organizational effectiveness will be compensated and advanced accordingly. Most rewarding is the fulfillment reported as a product of the closer, more intense contact with grantees that organizational effectiveness grantmaking and service require. Leadership was found to be charged with a more complex but promising series of duties, particularly in guiding foundations through the changes underway. Management systems

were affected as well, including new grantmaking criteria, more analytical grant evaluation, and most significant, more open and honest self evaluation by foundations.

Conclusions drawn from the study are that organizational effectiveness is not yet clearly defined, organizational effectiveness grantmaking is not yet well delineated, and evaluation remains challenging. The study shows that relationships in effectiveness grantmaking are more invasive than those in programmatic grantmaking and there is a need to set boundaries and clarify the appropriate roles for foundations as they affect the workings of organizations. Organizational effectiveness activity has increased foundation communication, joint grantmaking, and joint research. It hold promise for more effective grantmaking, ore collaboration among foundations, and among foundations and their grantees. A focus on organizational effectiveness leads to a more direct role and responsibility for foundations in the functions and sustainability of the nonprofit sector.

Research is needed to define effectiveness in nonprofit organizations, determine the grantmaking activities most likely to achieve it, set evaluation critieria, and determine how best to increase the effectiveness of foundations themselves.