dence and understanding of innovative practices and outcomes. Innovations spread when their results have been carefully described and understood (Rogers 2003).

A consistent pattern emerges from an examination of these pitfalls. Foundations can avoid the major problems that have limited the usefulness of evaluations by determining what they most need to learn and by using their evaluations to obtain those lessons.

8 Standards for Evaluation in 21st Century Foundations

By using evaluations, foundations can provide valuable lessons for society, and they can provide evidence of the value to society of their work. These benefits come directly from the harvesting of the most important learning that results from their work. The experiences of the foundations reviewed in this paper point to two critically important standards for evaluation in 21st century foundations:

- Foundations should have a learning plan and gather relevant information to capture the most important lessons from the results of their work.
- Foundations should make public significant information regarding what they have learned about the results of their activities.

These standards reflect foundations' compelling need for accurate information about the results of their work. It is a matter of great importance for foundation leaders to take the steps required to learn about and evaluate the results of foundations' work. This is the reason evaluation and the information it produces are essential for responsible philanthropy. The same professionalism that requires careful stewardship of foundations' financial assets and systematic reviews of staff performance requires foundation heads and trustees to use evaluation to gather information on the results and the lessons of foundations' activities.

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Who Comes to the Table?
Stakeholder Interactions in Philanthropy

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1 Introduction

Foundations can benefit from interacting openly with their key stakeholders—to identify community needs, and to shape the best strategies for foundation involvement in changes to address those needs. Stakeholder interactions improve the ability of foundations to achieve their missions in ways that help people and communities. They also can improve perceptions of the foundation's community responsiveness, and its progress in fulfilling the public trust. This in turn may limit efforts to increase regulation of foundations by government, and decrease the likelihood that their tax-exempt status will be challenged (as happened in the United States recently)—thus maintaining foundations' strategic advantages of leverage and flexibility. All of these benefits emerge most powerfully when stakeholder interactions are part of a continuing process, which stakeholders themselves help to shape.

Such benefits are especially needed now, for at least three reasons. One is a continuing concern that foundations are elitist institutions, too often uninformed and unresponsive to their communities. The second is the sheer growth of institutional philanthropy, with some 62,000 foundations in the United States presently, and many more on the way given the continuing intergenerational transfer of wealth. The third reason is the loss of philanthropic assets by many foundations, because of the recent economic situation. When foundations cut their giving because their investment portfolios are diminished, emotional reactions among grantees and communities abound. Stakeholder interactions can help make the best possible "triage" decisions under these conditions.

This paper presents current American perspectives on stakeholder interactions in philanthropy, organized under five key questions:

- Who are the stakeholders?
- Why are stakeholder interactions important?
- What modes of interaction bring stakeholders together?

– What are the human dynamics of these interactions?

– How can these interactions be improved?

The paper also includes brief descriptions of stakeholder interaction patterns for foundations in eight other countries. It concludes with two sets of suggested follow-up actions. The first is a plan of action for obtaining similar perspectives on stakeholder interactions from additional countries, and for weaving together these perspectives through international knowledge-sharing and cooperation. The second is a five-step plan by which a foundation whose staff or trustees are reading this paper could conduct a formal or informal "stakeholder assessment."

There is considerable evidence that the interaction practices of philanthropy need to be improved. There are few incentives for interaction—and since all behavioral change is built upon incentives, this is a particularly critical point for improving interaction patterns. Moreover, making changes in philanthropy's current system for promoting stakeholder interactions is difficult. The system is largely hidden, its incentive dimensions poorly understood, and its infrastructure minimally developed. For example, the laws and regulations underlying American foundations emphasize their independence, and their right to operate privately, without compulsory stakeholder involvement beyond the minimum required to maintain their tax-exempt status. Besides, perspectives from some other countries on this issue are given in this paper.

Stakeholder interactions should be aimed in part at building social capital. Besides, stakeholder interaction strategies can benefit from synergy with other great changes occurring within philanthropy today. Stakeholder interactions reflect primary themes about how philanthropy serves the public interest, about the value of philanthropic institutions having a certain independence to pursue those interests, and about the balance for philanthropy between risk-taking and conserving assets held in the public trust. This paper focuses on foundations rather than other types of philanthropy, and on the process of stakeholder interactions, but obviously this emphasis is occurring in a larger context of rethinking all the various roles philanthropy plays in civil society.

2 Who Are the Stakeholders?

In philanthropy, stakeholder representatives come to the table to speak for a class of other people or organizations in the community with a vested interest in the outcomes of philanthropic strategy and decision-making. All members of a community benefit at least indirectly from the work of nonprofit organizations and thus from the foundations that support them. In that sense, the entire population are stakeholders of foundations, which after all are created through tax exemptions and in the public trust. In American society, foundations enjoy large degrees of freedom in selecting stakeholders, so long as the foundation's resources are used in the public interest, as defined in its mission statement. At least 10 major types of stakeholders may come to the table of philanthropy in the United States:

– *Philanthropic institutions.* This category includes other foundations (private, corporate, family, community) and their donors, staff and trustees; private, donor-advised funds (Fidelity, Vanguard, etc.) and their donors and staff; and associations supporting philanthropy, such as the Council on Foundations. It also includes the foundation's own "internal stakeholders," which may present some special challenges, such as how to honor the intent of a donor no longer alive.

– *Businesses.* Business corporations and their staff and board members may come to the table as fellow funders (e.g., direct corporate philanthropy through community relations, not a corporate foundation), or in other roles—community involvement through employees working as volunteers, leadership role of a business in the larger community as employer or landowner, etc.

– *Government.* A third class of funders is the federal, state and local government agencies that fund the nonprofit sector, and their staff and advisers.

– *Individual philanthropists.* There are 700,000 individuals with a high net worth ($10 million or more) in the United States. They do a great deal of giving annually.

– *Nonprofit organizations.* Staff and boards of nonprofit organizations that receive support from philanthropy (and also those that either have not applied for support, or have been turned down for it) are important stakeholders who need to be represented.

– *Nonprofit support and intermediary organizations.* This category includes staff and boards of both nonprofit and for-profit organizations serving and coordinating the nonprofit sector, including capacity-building providers and local, state and national nonprofit associations. In particular, provider organizations that address many aspects of the local nonprofit and grassroots communities can bring that larger perspective to the table for input to local philanthropy.

– *Public institutions.* Federal, state and local elected or appointed officials are an important and often neglected category of stakeholders. Their interests

and ability to contribute may be different from those of the government agencies they oversee.

- *Media*: Journalists and administrators of print and electronic media organizations need to have a place at the table, especially those covering community affairs, the nonprofit sector, or philanthropy.
- *Foundation staff*. Their careers and livelihoods depend upon the vision, values and successful operation of the foundation that employs them.
- *Service recipients*: Their lives are perhaps the most directly affected by the outcomes of philanthropic strategy and decisions. Sometimes these stakeholders are more challenging to get on board—they may be disenfranchised members of the community with little positive experience in providing input to decision making; or they may have access or communication challenges arising directly from their status of need (such as people with severe disabilities).

Other possible stakeholders are scholars or consultants working in philanthropy. Similarly, consultants to philanthropy constitute an emerging set of potential stakeholders. At least one networking group, the Northern California Foundation Consultants Group in San Francisco, now exists, with over 100 members.

Sometimes stakeholders can be identified easily. In other cases, as with national foundations coming into communities to do grantmaking where they have little direct contact, it may be difficult to determine who the appropriate stakeholder groups are and who should represent them. In some cases, there may be disagreements within the community about whether a given individual legitimately speaks for them, which will need to be resolved through what may be a fairly delicate community dialogue.

3 Why Are Stakeholder Interactions Important?

- *Improving grantmaking and other aspects of the basic philanthropic process*: The rationale behind this is that foundations can do better grantmaking if they have regular, direct input from stakeholders about (a) how well the "mechanics" of grantmaking work—processing of applicant inquiries and proposals, communication and sharing of information about philanthropic process with the community, etc.; (b) the environment in which the grantmaking is done; and (c) the results of grantmaking. The broader the range of stakeholders, the more comprehensive the input, the wider the diversity of "problem analyses" and suggestions for possible solutions.

This rationale also applies to a foundation's convening function in the community, direct services some grantmaking foundations now provide to community organizations (e.g., for nonprofit capacity building), and programs run by operating foundations that may not do any grantmaking at all.

- *Increasing leverage*: Stakeholders can increase the effect of philanthropy by coordinating philanthropic activity with volunteer action, by helping find additional sources of funding, and keeping projects going long after a particular foundation's support has ended.
- *Increasing accountability*: Facilitating stakeholder interactions can help foundations deal better with issues of basic accountability (e.g., integrity of the grantmaking process), as well as the complex questions about the obligations of community stakeholders and foundations, and how these can be monitored and improved over time.
- *Improving transparency*: Hand in hand with increasing accountability is improving the degree of transparent communication of philanthropic activities. These days, creative and open strategies for disclosure can help philanthropy avoid the crisis of confidence in the corporate sector, and in the nonprofit arena as well.
- *Facilitating decision involvement*: Stakeholders can help foundations make good decisions about where to invest their philanthropic resources, in part because they may have more accurate, up-to-date perceptions of community needs. In addition, because philanthropy uses resources held in the public trust, some people believe that decision involvement in the disposition of these resources belongs to the public—as represented by key stakeholders.
- *Improving access to information*: Stakeholder interactions can increase the information on topics of interest available to a foundation, and thus its ability to share that information with communities.
- *Increasing access to partnerships*: Increasingly, success in philanthropic activity may require partnering with other community organizations, including other foundations. Effective stakeholder interaction mechanisms can increase the ability to identify and develop these partnerships and to sustain them over time.
- *Empowering communities*: Some foundations have an explicit commitment to increasing the power of community leaders to make and implement decisions affecting their communities. Increasing stakeholder interactions can get stakeholders more involved in the life of the community, as they come to the table to provide input or help make decisions for a foundation.

4 What Modes of Interaction Bring Stakeholders Together?

- *Individual interactions*: Foundations can encourage stakeholders to interact with each other individually. For instance, opportunities can be created for trustees to talk with grantees directly.
- *Partnerships (including funder collaboratives)*: Increasingly, the complexities of change and the opportunity for large-scale intervention make necessary the development of partnerships at different levels. Funder collaboratives, in which grantmaking resources are pooled to meet some mutually decided goals, exist in many communities today, for various purposes. They often have the desirable side-benefit of increasing interaction among stakeholders.
- *Conferences*: Especially helpful are meetings that bring different types of stakeholders together. These events have specific learning and information-sharing objectives, but they also offer both structured and unstructured opportunities for stakeholder interactions.
- *Convenings*: Foundations can gather together stakeholders for semi-structured interactions on community problems and needs, priority setting, and planning.
- *Internet foundations*: Internet foundations, as well as regional and national philanthropic support organizations, are beginning to explore ways that stakeholders can be engaged online, with electronic publications and opportunities for feedback to current or planned initiatives.

Finally, to get busy stakeholders to come to the table, it may be helpful to offer an incentive, such as a gathering that provides them with information or technical assistance on topics of interest as well as a chance to give input to the philanthropic strategy of the foundation. Stakeholder interaction is not a one-time action; ideally, there should be a natural "flow" of information and dialogue between foundation personnel and community stakeholders.

5 What Are the Human Dynamics of These Interactions?

Stakeholder interactions are human interactions in which all the complex elements of communication and motivation apply. Individual aspects are interwoven not only with group dynamics but also with larger legal, regulatory, professional, financial and cultural elements. Some important aspects of these complex human dynamics are listed below:

- *Responses to change*: If effective philanthropy is about helping make change

happen in communities, then stakeholder interactions also are about change. This raises for all concerned the fears inherent in change (or in the prospect of it). These human elements are often the key to success or failure in any change effort. For instance, nothing more than the "subtle sabotage of withheld enthusiasm" is necessary to derail a change effort, if key people resist the change. Communities with negative prior experiences with philanthropy may be particularly given to fears and resistance. Moreover, change is likely to fail unless there are appropriate rewards for making the change, and unless strategies have been followed for involving people in the community in designing and implementing the change effort. Last but not least, the people who will have to live with the results of change must be involved in designing the change effort.

- *Power differentials*: The power imbalance between funder and recipient can never be truly eliminated, and the results can range from exploitation, to silencing any opposition, to insincere relationships, to an uncomfortable relationship. Power differentials are accentuated for many foundations because their donors are wealthy business people and entrepreneurs who do not necessarily believe in participatory democracy. Moreover, nonprofit and community leaders have lived so long in a world of power imbalances that they may tend to internalize the power differential and to act on this internalized perception.
- *Stakeholder conflicts*: Different stakeholders come to the table with sometimes vastly different and inherently conflicting needs. Foundations sometimes find it difficult to determine who in fact truly represents one or more components of the community they wish to bring to the table. Some authentication may be needed, and authentication is a delicate and time-consuming process.
- *Difficulty of disclosing problems*: Stakeholder interactions, to be valid, often require discussing challenges or shortcomings of the foundation and its philanthropic strategies. This can be difficult given the habit of foundation staff and trustees to keep their affairs private (some foundations still do not publish annual reports), and the understandable reluctance to "air dirty laundry" in an environment where public or media attention may be unwelcome.
- *Language differences*: There are likely to be many language differences between foundations and their various stakeholders, representing different perspectives and traditions. Cross-translation and clear communication are the keys to dealing with these differences.
- *Cultural differences*: Different racial and ethnic cultures may have different styles and values about interaction. Interactions with "authority figures,"

for instance, have different implications in Asian versus Hispanic communities, and both in turn are different from the interaction patterns for European traditions that tend to dominate philanthropic institutions. Foundation staff and board members inevitably are authority figures because they hold the purse strings, so these cultural differences need to be taken into account.

– *Distinctive culture of philanthropy:* There are a variety of elements of the guiding tradition of foundations that affect stakeholder interactions. Foundations typically express their missions in very general ways that are difficult to quantify. They look internally for validation that they have achieved their missions. Foundations also have a long history of desiring to be innovative, while at the same time being risk-averse. Some of these traditions are changing, for example, with the arrival of "venture philanthropy" concepts to the foundation world—with a greater valuing for performance metrics, high levels of interaction with grantees and communities, etc. Besides, donors just starting up a foundation may have special concerns about stakeholder inclusion. A multistep donor education process may be needed to help them understand the benefits of stakeholder interaction.

6 How Can These Interactions Be Improved?

– *Review stakeholder categories:* A systematic review can determine whether any significant stakeholders have been left out, however inadvertently. As an example, a number of foundations have been working recently to get American youth more directly involved in philanthropic activities. They have created a new field of "youth philanthropy"—young people are not only stakeholders, but also have independent grantmaking authority so that they are truly empowered. They also learn practical skills for citizen involvement in the future.

– *Focus on the human dynamics of interaction:* Acknowledging that these forces are powerful, and building strategies for responding to them, can help to improve interaction strategies for philanthropic stakeholders. E.g., an honest discussion about power differentials and how to live with them creatively (as opposed to denying they are there or trying to erase them) may increase the effectiveness of stakeholder interactions significantly.

– *Focus on change:* It may be useful to create an environment in which the participating stakeholders are encouraged to jointly develop a theory of change underlying whatever strategy the foundation expresses, and to put philanthropic strategy into its larger community context.

– *Focus on communication:* It is important to get stakeholders to talk to each other, because communication helps build healthful interaction patterns for stakeholders. There are traditional and new methods for building communication. Among the traditional approaches are convenings. Among the new methods are town hall-style electronic voting technology and Internet-based strategies.

– *Focus on limitations of stakeholder interaction approaches and on risks/side effects:* It is important for foundations and all the stakeholders they interact with to recognize that these approaches will not solve all problems or work in all situations. Sometimes, direct observation by "standing on the street corner" and getting involved in community life can provide input that more organized stakeholder dialogues cannot. It is for this reason that place-based philanthropy so often involves foundations putting staff out into the community.

There are also costs associated with seeking and using stakeholder input to shape the philanthropic process. There is also an "expectation cost"—once communities have been approached for this kind of input, they will expect to be involved in a similar way in the future. Once decisions are made to invite stakeholder input, these decisions cannot be easily reversed. Moreover, foundations that bring stakeholders to the table need to plan in advance for the ways in which their input will be recognized and used. Finally, it may be difficult to get certain kinds of marginalized stakeholders to the table. In some cases, even other community leaders can be resistant to their inclusion if they are seen as disruptive.

In some instances, stakeholder involvement may actually be counterproductive. Some crisis situations requiring very fast responses may simply not permit a lot of stakeholder input, lest paralysis result. And in some cases, a funder is intent on implementing a philanthropic strategy that is at odds with the vested interests of some stakeholders.

– *Focus on the long term:* The work of stakeholder involvement, and of real systems change in nonprofit organizations and communities, is long-term work, and requires continuing commitment to change and support for the commitment to do so. There also needs to be constant surveillance to ensure that commitments to stakeholders are maintained over time. For these efforts, as for any human endeavor, it is easy to "regress to the mean" of previous patterns of behavior, without both external and internal vigilance.

– *Focus on direct intervention:* Sometimes the most effective way to promote stakeholder interaction in philanthropy is for a foundation to bring stakeholders together for some substantive purpose. Input about the mission of

the foundation, strategy and so forth then comes as a by-product of working together on this direct intervention.

- *Focus on structural changes:* In the end, some types of change about stakeholder interaction patterns will occur only if there are significant structural changes that encourage or even require different types of interaction. A public-health analogy is seatbelt compliance—no health education strategy works as powerfully as changing the laws so that people are actually given tickets and pay fines if they don't use their seatbelts.
- *Focus on the use of available guidelines:* Both individual foundations and philanthropic organizations at the state and national levels have issued guidelines which, among other things, set forth basic standards for stakeholder interaction. More direct attention to issues of defining stakeholders, "good practice" strategies for involving them, and ways to review and evaluate that involvement could improve the field of philanthropy generally.
- *Contribute to further study in this area:* Finally, stakeholder interaction strategies in philanthropy clearly need further exploration and study. A number of research organizations are engaging in such studies, such as the Urban Institute's Center on Nonprofits and Philanthropy, academically based philanthropy study centers, the Human Interaction Research Institute, and others. Some of these research studies directly address elements of stakeholder interaction, such as a current Urban Institute project on good practices in philanthropy.

However, a number of specific issues remain to be explored. For example, a number of American foundations now offer direct capacity-building services to their grantees or to the nonprofit community at large, through their own hired staff and in-house programs at the foundation. Stakeholder involvement is needed to address issues such as creating adequate "firewalls" between the grantmaking and capacity-building service sides of the foundation, and possibly unfair competition with other capacity-building providers in the community. Finally, research studies on this topic will need to include an evaluation component to show how to improve philanthropic performance.

7 Case Examples

To help clarify how some foundations currently approach the challenges and opportunities of facilitating stakeholder interactions, three case examples follow:

7.1 John S. & James L. Knight Foundation

Most of the Knight Foundation's grantmaking resources now are concentrated on 26 communities throughout the United States. To enable this place-based philanthropy, the foundation has set up community advisory committees in each of these communities. Stakeholder interactions are focused through the members of these committees. Each committee creates a philanthropic plan, sets the priorities on which grantmaking will be concentrated, and provides input on which local grant proposals in these priority areas should be approved. Field-based regional representatives work directly with these committees, with support provided by staff experts in relevant content areas based at the foundation's headquarters. Stakeholder interaction has been increased further for Knight through a more concerted effort to work collaboratively with business leaders and elected officials in each of these communities, in a coalition in which all three are equal partners.

7.2 New Mexico Community Foundation

The New Mexico Community Foundation's philanthropic strategy starts with the assumption that community foundations live with the consequences of grantmaking in a way private foundations do not, because building their asset bases requires attracting new donors from the community. Thus stakeholder interaction takes on a special importance, and NMCF has developed a strategic set of such activities that are combined with their grantmaking: (1) regular convenings of stakeholders throughout the state (which is large geographically but sparsely populated), (2) peer-learning opportunities through continuing networks, and (3) collaborative technical assistance to grantees and communities that also affords opportunities to the foundation to learn about stakeholder interests and values. Furthermore, NMCF has developed partnerships with larger foundations that use it as a delivery system for their philanthropic resources in New Mexico, in part because of the regular input received through the system above. NMCF also looks periodically at the effect of its stakeholder interaction system, and at its costs.

7.3 Annie E. Casey Foundation

The Casey Foundation uses an approach to stakeholder interaction it calls the "consultative process," first developed for its Neighborhood Transformation-/

Family-Development Initiative in the mid-1990s. It involves a series of focused conversations with diverse audiences. For the initiative, more than 600 practitioners, family members, community organizers, business leaders, Casey grantees, researchers and others participated in 24 such sessions between late 1996 and the end of 1998. The process was especially designed to obtain input from people who are knowledgeable but ordinarily don't have opportunities to provide input to philanthropy. Stakeholder input was obtained that the foundation used to shape its new 13-community initiative, launched in 1999, called "Making Connections." A place-based approach to philanthropy has emerged as a result, in which Casey works behind the scenes to encourage local planning and action, including involvement from all elements of individual and institutional philanthropy.

8 Stakeholder Interactions in the Business World

In for-profit corporations, one class of stakeholder has a legal right to come to the table: the shareholder. But increasingly, business leaders are setting up programs to get input from employees, customers, and residents in communities where their businesses operate. Recently there have been some shifts in the underlying principles by which these interactions are structured. For instance, earlier approaches focused on "controlling" stakeholders, that is, minimizing opposition to corporate actions. Now there is more of an emphasis on interactive processes in which a mutual exchange is the desired outcome—both for stakeholder input and for effective corporate-community relations. Thus, in these current approaches to stakeholder interactions, both organizational leaders and stakeholders have a role in strategy building. Several emerging stakeholder interactions directed to the business community may be applicable to philanthropy:

- *stakeholderalliance.org*: A project of the Center for Advancement of Public Policy, this group is intended to make corporations responsible to all stakeholders, not just shareholders.
- *stakeholderpower.com*: A joint project of Walker Information and the Council on Foundations, this system for measuring stakeholder interactions in business has been used by a number of corporations interested in involving the community more fully in their corporate philanthropy.
- *wbcsd.org*: The World Business Council for Sustainable Development coordinates stakeholder dialogues aimed at creating a common understanding between stakeholders in the debate about sustainable development.

9 International Analysis

Other countries present somewhat different scenarios for stakeholder interaction than does the United States. There are, however, also many similarities. The assessments of stakeholder interactions for these country's foundations are summarized briefly below.

9.1 Belgium

Stakeholder interactions in Belgium are complicated by the fact that the country has three official languages, and now operates in the larger context of the European Union. Belgian society also has been much influenced by waves of migration from other parts of the world, which have changed the pattern of stakeholders as well as the values and attitudes they present. The Network of Belgian Foundations, a work group with 10 funders, helps promote stakeholder interactions among major philanthropic organizations in the country.

Funders like the King Baudouin Foundation choose their board to represent key stakeholder groups, and Baudouin also interacts with the corporate community as part of the portfolio of corporate giving funds it manages. Service recipients are queried through evaluations conducted by foundation program officers, while interactions with policy-makers occur regularly, to share information about what the foundation is doing to contribute to Belgium and to Europe as a whole. Furthermore, awards ceremonies bring together foundation trustees, staff, donors and grantees for informal interactions, as do round tables organized by foundations like King Baudouin. Round tables are informal meetings in the foundation's offices, and they occur at all stages of an initiative (the foundation also has advisory committees that provide continuing input in its major areas of grantmaking). Communication occurs through Web sites and annual reports.

9.2 Brazil

As a developing country, Brazil is particularly likely to use public-private partnerships as a vehicle for organizing change. This makes stakeholder interactions all the more important for the foundations involved, especially when the problem on which the partnership focuses has controversial aspects, like citizenship and human rights. Foundations in the country tend to draw from a wide range of stakeholders for input, and use informal means

such as local forums, debates in local newspapers or radio and television programs, and the Internet. Service clubs and civic organizations also play a role in increasing participation for stakeholders.

The biggest challenge Brazil faces is the gap between rich and poor. Those whose energies are taken up with the basics of shelter, food, education and employment are more difficult to involve as stakeholders because they are preoccupied with these needs. Moreover, those who are included from the upper economic reaches often exclude the poor population from participating in decisions affecting their lives. Foundations that wish to take stakeholder interaction seriously need to deal with such larger social phenomena.

9.3 Hong Kong

In Hong Kong, umbrella organizations for both philanthropy and nonprofits could help promote stakeholder interactions, but this infrastructure does not yet exist. However, a series of workshops for nonprofits and grantmakers has been held recently in Hong Kong. As more infrastructure organizations are created, they can build upon these initial communications through additional workshops and other activities. This will help to create an experience base and specific structures for increasing stakeholder interactions.

9.4 India

India does not yet have a national coordinating body either for philanthropy or nonprofits. But there is widespread concern that foundations and related philanthropic organizations are not as transparent or accountable as they expect their grantees to be. In particular, while most philanthropic institutions in India address the vast needs of the poor, there is very little representation of poor people in stakeholder activities. As the infrastructure grows, such challenges of stakeholder involvement will need to be met.

9.5 South Africa

For South Africa, issues of stakeholder interaction are driven by the fact that most of its foundations do not have endowments, so they raise funds in the manner of a nonprofit organization—and often for a particular cause. This raises specific issues about stakeholder interactions, since people are being

asked to contribute financially to the foundation. Additionally, the word "stakeholder" does not appear directly in the language of South Africa, where the nearest equivalent probably is "partner." Does the institution using language like this really mean by it a relationship of some parity and equity? Finally, unlike Hong Kong and India, there are infrastructure organizations in place, such as the South African National NGO Coalition and Southern African Grantmakers Association.

9.6 Thailand

There is a long tradition of individual philanthropy, for 95 percent of the Thai population is Buddhist. There are philanthropic organizations and development-oriented foundations that are centuries old and that operate under the patronage and stewardship of the Thai monarchy. Some foundations do request direct input from various types of stakeholders to guide their activities. The majority of Thai foundations fund their own projects rather than providing grants to nonprofit organizations or communities. These philanthropic institutions are oriented toward the marginalized in society, for whom public service delivery either is nonexistent, or is unable to reach the target population. Besides, the general public, nonprofit organizations and government agencies are among those called to the table with Thai foundations to provide stakeholder input.

9.7 United Kingdom

A number of funders, such as the Joseph Rowntree Foundation (JRF) and the lottery-funded Community Fund emphasize the inclusion of stakeholders with "lived experience" in the geographical or problem areas of a particular initiative. The aim is to combine philanthropy with life experience and knowledge to develop better solutions to intractable social problems. In order to ask more appropriate questions as well as formulate better solutions, JRF has prepared an internal thought paper, "Involving People in JRF's Work," to guide further discussion and action on this subject. The paper makes it clear that while the foundation will ultimately make its own philanthropic decisions, active involvement of stakeholders is of critical value in identifying issues, in steering and monitoring the work, and in dissemination and feedback.

Convenings or more formalized governance structures are a common

method for bringing stakeholders together, to shape funding programs, to oversee them as they progress, and to guide specific projects. Furthermore, informal networking through meetings and lunches also is fairly common, but the internet and conferences are less frequently used to bring stakeholders together in the United Kingdom. Nonetheless, representatives from business, government, individual donors and policy-makers are not heavily involved in the stakeholder interaction patterns of most foundations in the United Kingdom. Nonprofit organizations and service recipients, however, are frequently included, even for small foundations. Inclusion of the views of the general public is critical for semi-public funders, such as those funded by the national lottery.

9.8 Uruguay

In Uruguay, philanthropy is relatively undeveloped. Some infrastructure is beginning to emerge for nonprofit organizations, which are in this country called civil-society organizations (CSOs). About 70 percent of these now receive government funding, increasing the ties between the state and civil society. A few businesses provide philanthropic support to these CSOs, and an organization of business people that encourages philanthropic programs and social responsibility has recently been formed. It now serves some 20 enterprises in Uruguay. Out of these developments also may emerge more attention to stakeholder interactions in philanthropy.

These eight brief sketches are indicative of the wide range of circumstances in community, government, nonprofit organizations and philanthropy from one country to another. Certainly the pattern of responses just presented for the United States does not apply to other countries, as the examples just cited make clear.

10 An Approach to Stakeholder Assessment by Foundations

Foundations whose staff or trustees read this paper may wish to assess what they do now and what they have the potential to do in increasing stakeholder involvement. Formal guidelines for stakeholder involvement have yet to be developed. The following five-step approach may be considered for a relatively informal, but systematic, stakeholder assessment by foundations:

1. Review foundation mission to determine whether it includes specific language about who are the foundation's legitimate stakeholders and about any processes that are to be used to involve them in philanthropic planning and action.
2. Review current stakeholder involvements such as annual community convenings, advisory committees, or other methods by which various categories of stakeholders have been brought to the table, with an eye toward what kinds of input they've provided and at what level they're aimed (e.g., on a continuum from purely advisory to full decision-involvement in grantmaking).
3. Evaluate accomplishments and shortcomings of current stakeholder involvement activities.
4. Appraise pressures for improvement in stakeholder involvement coming from the community or any other sources (e.g., in the case of health-conversion foundations, from regulatory agencies overseeing them).
5. Prepare report on stakeholder assessment drawing together what is learned from the first four steps, for further discussion with stakeholders, trustees and staff (this might be done in a few paragraphs for a small, unstaffed or minimally staffed foundation, or in a more detailed written report for a large foundation with many types of stakeholders).

If a significant number of foundations began to conduct such assessments, the result could be a relatively fast improvement in the amount and quality of stakeholder involvement in philanthropy. Philanthropic associations could help by providing platforms for sharing and discussing such assessments. When the kinds of more detailed guidelines for stakeholder involvement proposed in this paper are available, they could be integrated into these assessments—as part of the overall process by which those who come to the table help foundations improve their ability to effect change in communities.