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EXPLORING, EXAMINING, AND EXPLAINING HOW PARTICIPATORY
GOVERNANCE ADDS VALUE TO SAUDI FOUNDATIONS' PHILANTHROPIC
STRATEGY

by

Afnan Emad Koshak

A dissertation submitted in partial fulfillment
of the requirements for the degree of

Doctor of Philosophy

May 2019

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TITLE OF DISSERTATION: EXPLORING, EXAMINING AND EXPLAINING HOW
PARTICIPATORY GOVERNANCE ADDS VALUE TO SAUDI FOUNDATIONS'
PHILANTHROPIC STRATEGY

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ABSTRACT

Foundations' flexibility, given their independence from fundraising imperatives, competition forces, and accountability pressures, enables them to invest in long-term, high-risk, multi-level experiments to deal with the increasingly complex societal problems. This flexibility, coupled with the growing role philanthropy plays in promoting social welfare across the world, is arguably what makes studies that focus on foundations' philanthropic approaches of utmost importance.

There is a mounting interest among scholars in the governance of foundations, the systems and processes concerned with ensuring the overall strategic direction of organizations. Influenced by agency and stewardship theories, an increasing number of studies address such topics as boards' internal control, e.g. CEO oversight, and collaborative, e.g. resource development, practices. One topic that has received little attention, both in academia and in a plethora of best practice toolkits, is stakeholders' participation. Beyond board compositional representation, relatively little research has been conducted about the democratic and collective intelligence approaches of decision making that can create more sustainable social transformations.

This study employed a three-phase, mixed-methods research design to study the role of participatory governance in shaping Saudi foundations' philanthropic strategy. The study started with an initial exploratory investigation of strategy formulation processes among seven diverse foundations. Based on the literature review and exploratory phase findings, a dataset on 54 foundations was developed to statistically examine the relationships between governance practices and philanthropic strategy. A seven-months case study was then conducted to explore potential factors that may explain

how participatory practices may influence strategies.

Results suggest a significant relationship between participatory governance and philanthropic strategy. Comprehensive, deep and systematic stakeholders' participation practices are positively associated with more evolved, high risk, multi-level, and resourceful philanthropic approaches. Additionally, while control and stewardship governance practices showed a negative association with philanthropic strategy, their implementation in high levels marginally improve the positive impact of participatory governance on strategy development. Explanatory factors included exposure to broader issues/factors, revelation of alternative solutions, reinforcing trust and commitment, and key players' identification and engagement. Results may be used to inform the development of participatory forms of leadership, even among society's most unconstrained organizations.

DEDICATION

To the empathetic, responsible and continues to be inspiring humanity,

Please accept my effort in this study as a gratitude of being one of you.

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CHAPTER ONE

INTRODUCTION TO THE STUDY

“Wealth and children are adornment of the worldly life. But lasting good deeds are of far greater merit in thy Sustainer's sight, and a far better source of hope”

—The Holy Qur'an, Chapter 18: 46

Philanthropic foundations are “among the oldest existing social institutions, dating back thousands of years” (Anheier, 2014, p. 157). Equally impressive as their longevity is their organizational capacity to play key roles in societies. While other kinds of organizations face competition (such as in the case of for-profit companies), accountability pressures (such as in the case of governments), and/or fundraising imperatives (such as in the case of nonprofit organizations), asset-based, self-governing foundations are mostly independent. This independence gives foundations the flexibility to invest in long-term high-risk experiments related to solving social problems or deploy substantial resources quickly when the situation demands it (Porter & Kramer, 1999; Thumler, 2011; Reich, 2016; Anheier & Daly, Roles of foundations in Europe: A comparison, 2006). Coupled with the large role philanthropy continues to play in promoting welfare across the world (Salamon, Sokolowski, & Haddock, 2017), this freedom is arguably what makes studies that focus on foundations’ philanthropic strategy of great importance.

Foundations’ strategic approaches in Saudi Arabia are particularly important given (a) the relatively high philanthropic giving as a percentage of the country’s GDP¹

¹ The annual philanthropic giving to internal causes by individuals, foundations and corporations in Saudi Arabia accounts for 1.5% to 2.0% of the country’s Gross Domestic Product compared to 0.5% to 1.0% in most Western countries (McKinsey & Company, 2009).

and (b) the current financial strain following the drop in oil prices. Increasing the impact of philanthropy has moved to the forefront of the national agenda (Saudi Arabia's Vision 2030, 2017). The major focus of the dialogue and recommendations, however, is on nonprofit organizations' executive capacities and the measurement of outcomes (Alhayat, 2016). While these elements are indeed critical, they assume that existing designs and approaches for making giving decisions are appropriate and, consequently, that it is appropriate to focus only on managing the social programs and ensuring impact.

Strategic philanthropy literature is becoming more and more sophisticated in terms of providing theories and frameworks on how social change happens. There are several dimensions to the philanthropic approaches, including, the risk level (i.e. supporting high risk projects versus low risk projects), the intervention level (i.e. working with one level of change or a mixture of levels), and the breadth of resources (i.e. providing monetary contributions only versus providing multiple contributions of time, network and experience). The main premise of the theories is that the concept of *effective philanthropic strategy* is highly contingent, and it comes down to the level of alignment and fit between philanthropic approaches and the nature of the targeted issues (Brest & Harvey, 2008; Harrell, 2009; Frumkin, 2006; Mangaleswaran & Venkataraman, 2013; Kania, Kramer, & Russel, 2014).

The leadership factors scaffolding more evolved and aligned philanthropic strategy have begun to interest academic researchers. In recent years, there has been a growing focus among scholars in the governance of foundations and how governance, for example, impacts strategy and performance. An increasing number of studies address such topics as board composition (including board size and the race/ethnicity, gender, and

demographic characteristics of board members) (Dyl, Frant, & Stephenson, 2000; Callen, Klein, & Tinkelman, 2003; O'Regan & Oster, 2005; Andrés-Alonso, Martín-Cruz, & Romero-Merino, 2006; Falk & Callen, 1993; Oster, 1995) and board processes (e.g., the use of steering meetings, recruiting the right people, training new board members, evaluating the CEO, the encouragement of self-evaluation, and participating in short- and long-term strategic planning) (Boesso, Cerbioni, Menini, & Parbonetti, 2017; Andrés-Alonso, Azofra-Palenzuela, & Romero-Merino, 2010).

One of the most interesting questions that has received little attention, however, is the link between participatory governance practices and foundation performance. This lack of attention has causal roots in both practice and theory. In practice, many foundation boards fall short of being representative and inclusive of the public. They tend to be limited to upper-income family members, while practitioners and beneficiaries have little or no representation. Theory, on the other hand, is strongly influenced by corporate governance theory and dominated by agency and resource dependency theoretical approaches. Consequently, relatively little research has been conducted to study democratic and collective intelligence approaches that create more engaging and sustainable futures for societies.

The purpose of this study is to add to our understanding of the link between participatory governance and performance. Several schools of thought have influenced the development of the participatory governance perspective in the nonprofit literature. While formal participatory practices such as elections and other frequent approaches such as selecting board members who function as community representatives do not fit many private foundations' context, foundations can establish a participatory relationship (Guo,

2012) with their stakeholders by utilizing a variety of channels of communication and forms of deliberation. Maximizing this participatory capacity requires enhancing three dimensions: 1) the diversity of stakeholders participating in decision making processes, 2) the depth of participation in decision making levels, and 3) the rigor of the participation processes (Cooper, Bryer, & Meet, 2006).

What roles do the three dimensions of participatory governance play in shaping foundations' philanthropic strategy? Strategic planning literature suggests that assessing, analyzing and using the potentially different viewpoints of stakeholders will create a more critical and reflective strategy formulation process (Bryson, 2011). However, the literature remains limited in terms of exploring, examining and explaining how participatory governance adds value to foundations' philanthropic strategy. We know little about participatory governance construct and variability, particularly in unstudied contexts like Saudi Arabia. Research also fails to estimate the significance of participatory practices in influencing performance, particularly in the non-governmental contexts. Finally, more case studies are needed to build a deeper understanding of the explanatory factors through which participatory governance may enhance strategies and performance.

Saudi Arabia represents a good research environment to start exploring, examining, and explaining how participatory governance adds value to foundations' philanthropic strategy. Philanthropic giving to local causes by foundations in Saudi Arabia is relatively high despite the absence of tax incentives. This helps researchers examine the influence of foundations' internal factors (e.g., decision making practices) while controlling for external factors (e.g., accountability forces) that often exist in

countries with more advanced tax systems. Also, the diversity in Saudi foundations regarding decision making processes and philanthropic approaches—a product of recent developments in the sector—makes it more viable to empirically compare and test relationships between different foundations’ practices.

The research agenda of this thesis project started in Spring 2017 by conducting an exploratory qualitative study to explore the variations in participatory practices and philanthropic strategy among seven different foundations in the country. Based on the findings of the exploratory phase and the literature review, I surveyed executives and reviewed the documents of 54 active foundations in Saudi Arabia, 78% of all active private foundations in the country, to develop a dataset that included philanthropic strategy, governance practices, and descriptive variables. The dataset was used to statistically examine the significance of participatory governance relative to other governance practices in explaining the variations in philanthropic strategy. I then proceeded to explain the pathways through which participatory governance may inform philanthropic strategy in a foundation case that was in the process of moving from employing a more internally-focused framework of decision making to a more participatory externally-focused framework.

Foundation leaders, consultants to foundations, and policymakers are recognizing the institutional advantages foundations have making them well positioned to deal with the increasingly complex, unpredictable and with-fragile-ecosystem social problems. In an effort to pave the road for such positioning, this study hopes to move the discussion forward on three key practical questions: What type of causes foundations are well positioned to address? What are some appropriate philanthropic strategies to approach

such causes? What are the most critical leadership practices to deal with such causes?
And how to implement these practices properly?

This thesis is divided into 5 chapters. Since the social context in which research is conducted matters (Bekkers & Wiepking, 2007), after this introduction (**Chapter one**), **Chapter Two** presents an overview of the context of foundations in Saudi Arabia. **Chapter Three** reviews the literature on foundations' philanthropic strategy and the organizational factors influencing them. **Chapter Four** develops a theoretical framework for participatory governance based on representation and public participation schools of thought. **Chapter Five** outlines a detailed, step-by-step procedural examination of the methods that were employed to obtain the required information for this research. **Chapter six** reports the findings of all three—i.e., the exploring, examining and explaining—phases of the study. **Chapter seven** provides a discussion of the key research findings, addresses the study implications for research and practice, and highlights study limitations and future research opportunities.

CHAPTER TWO

AN OVERVIEW OF FOUNDATIONS IN SAUDI ARABIA

This chapter presents an overview of Saudi foundations in terms of the historical and social roots, legal structure, geographical distribution, scope of service, expenditure and revenue models, and governance.

Historical and Social Roots

Foundations in Saudi Arabia are the relatively modern form of *awqaf* (Plural of *waqf*), which are endowment-based charitable institutions responsible for the excavation of springs (“Uyun”); the digging of wells (“Abar”); and the establishment of schools (“Kuttab”), colleges (“Madaris”), hospices (“Arbitah”), kitchens (“Matabekh”) and hospitals (“Bimaristan”) in Muslim-majority societies since the seventh century (Qadir, 2004). Despite being a modern-day legacy of the waqf tradition, Saudi Arabian foundations share similar historical roots with their Western counterparts. They can be traced back to Plato’s Academy in Greece and the library of Alexandria in Egypt, and, later, to Rome and Constantinople, where they became the “prototypical institutional mechanism for the delivery of education, health, and social services” in both Christian and Muslim societies (Anheier, 2014, p. 461).

According to a narration from Prophet Muhammad PBUH, “When a person dies, his achievement expires, except with regard to three things: ongoing charity, knowledge from which people benefit, or a son who prays for him.” (Sahih Muslim (English Translation) Vol. 3, Hadeeth 869). In Islamic traditions, *awqaf* are considered the prototypical form of “ongoing charity.” They are established with some commercial arrangements that guarantee revenues to be used for specified free social service, with

some designated allowances for those who manage them, service providers (e.g., scholars and physicians), and beneficiaries (e.g., students and patients) (Al-Quaiti, 2007).

In the 18th century, it has been estimated that roughly one-third of all economically productive land under the Ottoman Empire was controlled by *awqaf* (Kuran, 2001). Even women, especially elite women, played major roles in founding and managing waqfs. Records from the 15th century to the 18th century show that between 10 percent to 50 percent of all *awqaf* were founded by women (Fay, 1997). According to some observers, it was possible to meet all one's needs through *waqf*:

Thanks to the prodigious development of the *waqf* institution, a person could be born in a house belonging to a *waqf*, sleep in a cradle of that *waqf* and fill up on its food, receive instruction through *waqf*-owned books, become a teacher in a *waqf* school, draw a *waqf*-financed salary, and, at his death, be placed in a *waqf*-provided coffin for burial in a *waqf* cemetery. In short, it was possible to meet all one's needs through goods and services immobilized as *waqf*. (Yediyıldız, 1990, p. 5, in Kuran, 2001, p. 851)

Colonization, followed by the rise of the welfare states in the region in early 20th century, have greatly influenced philanthropic activities. During the colonization periods, many *waqf* assets were taken by colonial governments in order to weaken the opposition of religious groups (Rashid, 2003). The expansion of the welfare states in Muslim-majority countries, later on, over-shadowed the responsibilities of *awqaf*. Many of the pre-existing social institutions were incorporated into the Saudi public sector, which played a central role in funding and directly managing the provision of education, healthcare, and other social services (Alasraj, 2012). Since then, a foundation's role has

been limited to religious causes.

For the past few decades, the revitalization of *awqaf* and other forms of civil society institutions has become a top item on the agenda of Saudi society. The establishment of the Ministry of Social Affairs in 1961 contributed to the expansion of the Saudi nonprofit sector through providing legal and financial support (Evad, 2014), although its role was restricted and focused on purely charitable activities. In recent years, people in Saudi Arabia have increasingly called for updating the sector's rules and regulations and adopting policies to encourage its organizations to take an active role in addressing social problems.

Legal Structure

After eight years of deliberation, the *Regulation for Civil Associations and Foundations* was released by the Council of Ministers in November 2015 (Grassroots Organizations and Societies' Rule and Regulations, 2018). The regulations define foundations as not-for-profit entities founded by an individual, a family, a community group or a corporation to achieve solidarity and interdependence, as well as religious, communal, cultural, health, environmental, educational, scientific, professional, youth development, consumer protection, and similar sort of purposes using endowments, bequests or donations. The main regulatory body for nonprofit organizations in the country is the Ministry of Labor and Social Development.

According to Ministry of Labor and Social Development Statistics (General Directorate of Charitable Institutions, 2015), there are 148 civil foundations in Saudi Arabia. In addition to civil foundations, Saudi Arabia is home for other forms of foundations working under different regulatory frameworks. For example, there are 12

waqf foundations working under the newly formed General Authority of Awqaf and reported by the previously called Ministry of Islamic Affairs, Endowments, Da'wah and Guidance (Grantmaking Entities, 2017). There are also about 9 royal family foundations that are often set up by royal decree as national, non-governmental organizations.

Geographical Distribution

Although the majority of the foundations are based in the Saudi major cities, their geographical scope of service extends to wider areas. According to a study conducted by the Gerhart Center (2016), 48% of the foundations work nationwide, 13% of the foundations focus on specific regions in Saudi Arabia, and 17% of the foundations focus on specific districts. The latter could qualify as community foundations given that they have a local or community focus and some of them rely on local resources, Gerhart Center report states. Twenty-two percent of the foundations have an international focus. Most of these are royal family foundations since there are less restrictions on them regarding spending funds abroad (Gerhart Center, 2016).

In the aftermath of the 9/11 attacks, regulation of foundations' activities and government oversight increased significantly. As of July 2009, the Saudi government had not approved any direct transfer of funds from Saudi charities to charitable activities outside Saudi Arabia (US Government Accountability Office, 2009). Instead, such contributions now have to go through closely monitored governmental or royal family institutions. This had led to a dramatic increase in the funds that are going to local nonprofit organizations (called locally, civil associations) which proliferated in numbers as shown in Figure 1.

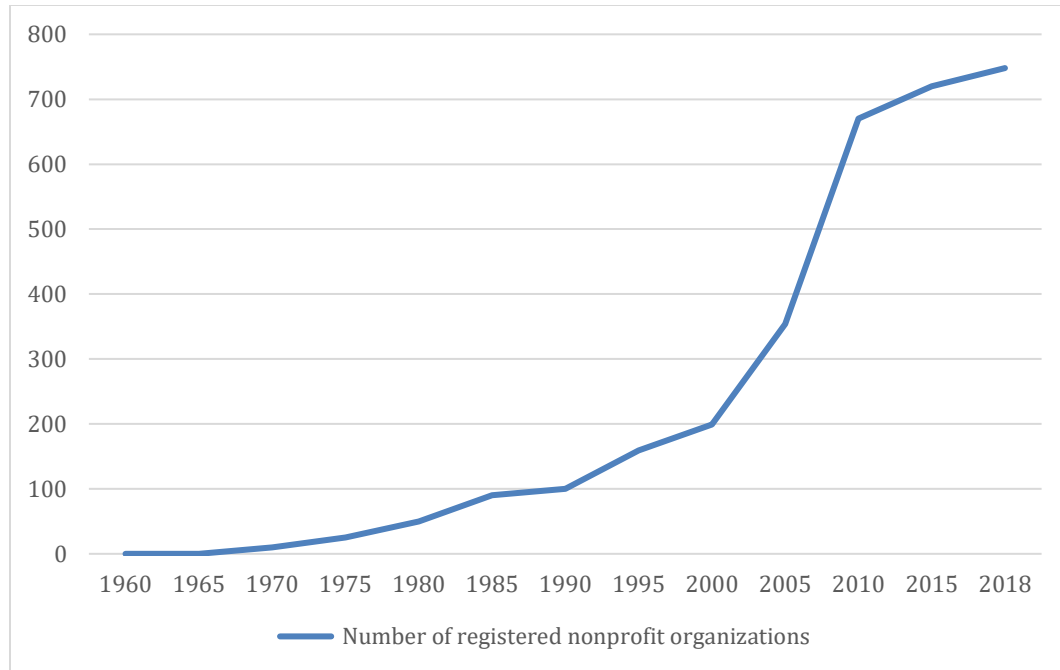


Figure 1. Growth Rate of the Saudi Nonprofit Organizations.

Data Source: (Alhidari, 2018; National Platform for NGO Data, 2018)

Scope of Service

Recent statistics on Saudi foundations' scope of service reveal the expanding role of foundations in non-traditional sectors. According to the Gerhart Center (2016), 70% of the foundations in Saudi Arabia work in the education field, 50% in family development, 40% in health, 40% in community development, 40% in religious causes, 30% in microfinance and economic development, 25% in arts and culture, 20% in science and technology, 14% in sports, and 3% in agriculture and fishing sectors (Gerhart Center, 2016).

As apparent from these statistics, Saudi foundations are multifunctional, i.e. they work in multiple sectors, and normally exhibit a lack of specialization. A study conducted by the Ministry of Health in Saudi Arabia on the contributions of foundations in the Health sector revealed the following information. While 65% of the 80

foundations included in the study consider health as one of their fields of focus, none of them specializes in health only. In terms of their grants and programs, most (76%) of the health-related spending for the last three years was directed to health nonprofit organizations, while 34% was given directly to individuals with health problems or government entities (Alhidari, 2018).

Expenditure and Revenue Models

Foundations in Saudi Arabia tend to exhibit a mixed institutional form between operating and grantmaking foundations. They provide grants to nonprofit organizations, nonprofit intermediaries (e.g., consulting firms), socially driven for-profit enterprises, and/or government institutions. More than half of the nonprofits in Saudi Arabia rely on foundations as their primary source of funding (Abu Rumman, 2016). About 81% of the foundations in Saudi Arabia, however, also have an operating part where they execute their own programs and direct services to individuals (e.g., scholarships for continuing education), families (e.g., housing services), and nonprofits (e.g., capacity building workshops) (Pearl Initiative, 2018).

One of the salient challenges facing data collection efforts about foundations in Saudi Arabia is the tension between upholding transparency of funding values and sources, on the one hand, and the need to safeguard the privacy of such data, on the other. Islamic and Arabic traditions in Saudi Arabia both value discretion in giving charity. Many foundations' leaders prefer to keep their philanthropic investments secret, consistent with a citation from the Prophet Muhammed (PBUH) who once said: "Seven people will be shaded by Allah under His shade on the day when there will be no shade except His; they are: (1) a just ruler ... (6) a person who practices charity so secretly that

his left hand does not know what his right hand has given ...” (Sahih al-Bukhari (Eng. Translation) Vol. 2, Hadeeth 504).

Based on the available data, Saudi foundations’ mean annual budget for grants and programs is 10 million US dollars, with the highest value of 125 million US dollar and the lowest value of 80 thousand US dollar. These dollars are generated from various types of revenue streams, including endowments, profits of the associated company, and donations and contributions from outside the foundation. On average, a foundation’s endowment is worth about 25 million US dollar. The largest endowment is about 160 million US dollar and the smallest endowment is about 40,000 US dollar (Gerhart Center, 2016).

Governance

Foundations in Saudi Arabia are governed by a voluntary board of trustees. According to the *Law for Civil Associations and Foundations*, there have to be at least three board members, and a board must conduct at least four meetings a year to keep the foundation’s legal status. The board members are legally responsible for the foundation fulfilling any financial obligations and for complying with the terms of the founder/s. As described in the executive regulations of the law, the board of trustees is mainly responsible for the following tasks: strategic planning, organizational structure, internal control systems and policies, annual reporting, selecting CEOs and defining their roles, and resource development.

Pearl Initiative (2018) survey findings suggest that foundations in the Gulf Region has started to embark on establishing good governance practices within its organizations. Some notable findings from this survey includes the following. Eighty percent of

philanthropic and nonprofit organizations in the Gulf Region that participated in the survey reported having established a formal board with defined mandates and 90% indicated that the board convenes at least quarterly. Almost two thirds of the organizations reported having formal delegation of authority in place that considered both financial and non-financial decisions. Over 80% of the organizations have indicated that they have employee performance evaluation, independent audits, internal controls, and risk management capabilities in place. While 84% of the organizations reported capturing stakeholder feedback, they tend to focus such efforts more on internal stakeholders, e.g. staff members, rather than external stakeholders, e.g. beneficiaries.

It is important to note that there is a dearth of research on Saudi foundation's governance and strategic planning practices. The small but quickly growing literature on the nonprofit sector in Saudi Arabia focuses mainly on examining the managerial (Matic & Alfaisal, 2012), human (Alblowi, 2002), technological (Hamadi, 2016), and innovative (Alshammari, Rasli, Alnajem, & Arshad, 2014) capacities of nonprofit organizations. While some literature exists on donors' motives (Opoku, 2013; Bendania, Al Dini, & Garris, 2012) and on the psychosocial determinants of donative behavior, particularly in terms of the amount donors give (Alhidari, Investigating individuals' monetary donation behaviour in Saudi Arabia (Doctoral dissertation), 2014), little is known about foundations' giving approaches and the organizational factors influencing the quality of those approaches.

Conclusion

This brief survey of foundations in Saudi Arabia shows the densely interconnected historical, legal, economic, social and structural dimensions of the subject.

The Saudi philanthropic sector today is at a crossroads. It faces the challenge of refining the old methods embedded in the Saudi vibrant religious and cultural traditions while taking advantages of current best practices. The next chapter reviews the literature on foundations' approaches and governance and relates it to the Saudi context.

CHAPTER THREE

LITERATURE REVIEW

In this section, I review the literature on foundations' philanthropic strategy and the leadership factors influencing them.

Philanthropic Strategy

Foundations are characterized by their orientation toward serving some public purpose. The accomplishment of social objectives is part of their mission statements. To do so, they need to have strategies that connect their espoused goals to organizational activities (Kramer & Porter, 1999) and “shape and guide what an organization is, what it does, and why it does it” (Bryson, 2010, p. 233). The following paragraphs review the literature on social change strategies in general and in the context of foundations.

Social Change Theories

The history of mankind is a history of repeated human and institutional interactions that have led to achieving justice and dignity for the people, in general, and for marginalized groups, in particular. To try to understand how the elements of these interactions work and what makes some of them more effective than others, contemporary social scientists have developed theories and frameworks on how social change happens. They particularly differentiate between the kinds of problems facing societies and the possible ways of dealing with them.

Technical and adaptive problems. Heifetz (1994), for example, distinguishes between technical and adaptive problems. Certain problems are technical, he explained, “because the necessary knowledge about them has already been digested and put in the form of a legitimized set of known organizational procedures guiding what to do and role

authorizations guiding who should do it” (p. 71). When the problem at hand is technical and falls within the expertise of those in authority, individuals and communities rightly expect guidance and direction from those in authority.

In the case of adaptive problems, however, “no adequate response has yet been developed . . . no clear expertise can be found . . . no established procedure will suffice” (p. 72). To address adaptive problems effectively, customary ways of thinking and acting have to change, and in many cases, responsibility for problem solving will have to shift from the people in authority to the people with the problem (Heifetz, 1994).

Cynefin framework. Rooted in complexity science (Burnes, 2005; Stacey, 2011) and knowledge management (Boisot & Cox, 1999; Nonaka & Takeuchi, 1995; Senge, 2006), the Cynefin framework sorts the problems into four contexts defined by the nature of the relationship between cause and effect: simple, complicated, complex, and chaotic (Kurtz & Snowden, 2003). A simple problem is characterized by a relatively obvious cause and effect relationship and often has a right answer in terms of best practice. Complicated problems also are characterized by cause and effect relationships, but there may be multiple right answers, requiring expertise to differentiate good or adequate and best practice. Both complex and chaotic problems are characterized by unpredictability and flux; experimentation is required to understand their cause and effect relationships.

Snowden’s simple and complicated problems are analogous to Heifetz’ technical problems, and complex problems are equivalent to adaptive problems. In the context of the social sector, Kania, Heifetz, and Kramer (2004) and Kania, et. al. (2014) gave illustrative examples for each problem typology. Increasing access to healthcare by building a hospital, they argued, is both simple and technical problem because the cost,

timeline, and end result are predictable with high accuracy. Developing a vaccine is a complicated problem because it takes many attempts before an effective formula is developed. Improving the health of a group of people is both a complex and an adaptive problem because it is a result of an interplay between multiple independent factors in dynamic and nonlinear ways, they explained.

Adapting to the system. In the new and powerfully argued book “How Change Happens,” Duncan Green (2016) shows how strategic actions can bring major changes. He argued that if the change agent is operating in a stable or predictable context with a well understood change strategy, it may be entirely appropriate to use a traditional linear planning approach. If the context is stable, but the change strategy that might work is unknown, then experimenting with several different strategies is more appropriate. Finally, if the change agent is fairly certain about the strategy but not about the context in terms of stability, the emphasis should include setting up fast feedback systems to detect and respond rapidly to sudden changes.

Foundations’ Philanthropic Strategy

With some simplification, authors have been defining broad categories of strategic approaches relevant to the work of foundations and how they create change (Bloomfield, 2002). These approaches can be categorized from the comparatively straightforward role of *donor services* to more evolved roles of *matchmaker* and *community leader* (Graddy & Morgan, 2006). More detailed categories include philanthropic approaches that range from working independently to working through a network, using proven methods to using experimental methods, providing monetary

support only to providing money, time, network and experience, having short-term commitment to having long-term commitment (Frumkin, 2006).

Using the various typologies of social problems and philanthropic approaches, scholars have attempted to provide frameworks highlighting strategy dimensions that foundation leaders can think about to improve their strategic models (Brest & Harvey, 2008; Harrell, 2009; Frumkin, 2006; Mangaleswaran & Venkataraman, 2013; Kania, Kramer, & Russel, 2014). According to these scholars, there is no good or bad strategy in an absolute sense; the concept of effective strategy is highly contingent, and it comes down to the level of alignment and fit between the nature of the problem the foundation is working on and the philanthropic approach.

For example, Cass Business School and the FSG consulting firm differentiated between three broad grantmaking approaches: adding resources, capacity building and campaigning for change; each is appropriate in different circumstances. They noted that *adding resources* is an appropriate approach to adopt when “strong organizations are already running effective programs, but need additional resources to expand, extend or replicate their work”. *Capacity building* is best used when “the problem and potential solutions are well understood, but there are few actors capable of acting on them meaningfully”. And, *campaigning for change* is most appropriate when “the issue is complex and intractable, solutions are not well understood, and many different actors need to work together in order to get results” (UBS Philanthropy Compass, 2014, p. 14).

In addition to the call for cause-approach alignment, some theorists and practitioners are now advocating for the adoption of more complex approaches based on the assumption that most continued social problems are complex problems (Kania,

Kramer, & Russel, 2014; Kasper & Clohesy, 2008). They particularly call for more flexible, emergent and less predictive approaches with the goal of helping foundations take advantage of their unique resource-independent position to work higher up in the ecosystem. Table 1 illustrates philanthropic strategy dimensions recognized by scholars in the field.

Table 1.

Philanthropic Strategy Dimensions

Cause Dimensions		
<i>Predictability</i>		
High predictability: Cause and effect relationships are predictable	Vs.	Low predictability: Cause and effect relationships are not predictable
<i>Factors Complexity</i>		
Simple issue: There are few factors controlling the issue.	Vs.	Complex issue: There are numerous and interrelated factors controlling the issue
<i>Ecosystem readiness</i>		
Ready ecosystem: There are strong legislation and organizations.	Vs.	Unready ecosystem: There are no strong legislation and organizations.
<i>Knowledge</i>		
High knowledge: There are strong knowledge and experience.	Vs.	Low Knowledge: there are limited knowledge and experiences.
Philanthropic Approach Dimensions		
<i>Risk level</i>		
Support low risk projects that show quick results.	Vs.	Support high risk projects that does not show quick results.
<i>Intervention level</i>		
Work at a single level of change, e.g., individuals only.	Vs.	Work at a mixture of levels, e.g., individuals, organizations & policies.
<i>Breadth of resources</i>		
Provide limited resources, e.g., monetary contributions only.	Vs.	Provide multiple contributions of time, network & experience.

Leadership Factors Influencing Foundation's Strategy

In this section, I review the literature on the factors associated with foundations' philanthropic strategy from a governance perspective, i.e. board composition, board-CEO relationship, governance processes, and governance functions.

Board Composition

Governance is the systems and processes concerned with ensuring the overall strategic direction of organizations (Cornforth & Chambers, 2010). The place and context of these mechanisms are often considered to be the board. Research in the nonprofit literature has investigated the composition and characteristics of nonprofit boards in relation to decisions and performance. Board size and independence are areas that constitute the central focus of governance research. The assumptions are as follow: smaller boards speed up decision making, and the presence of outsiders on the board reduces the potential for opportunistic behavior. Findings as to whether these board characteristics have an effect on performance are uncertain (Dyl, Frant, & Stephenson, 2000; Callen, Klein, & Tinkelman, 2003; O'Regan & Oster, 2005; Andrés-Alonso, Martín-Cruz, & Romero-Merino, 2006; Falk & Callen, 1993; Oster, 1995).

In the context of foundations, scholars have been looking at relatively new board characteristics to capture the relationship between governance and foundations' performance. One view, for example, suggests that the notion of a board's human capital (expertise, experience and reputation) and relational/social capital (networks and linkages to stakeholders) is expected to allow board members to make complex managerial and financial decisions (Olson, 2000). Using a sample of 144 Spanish foundations, Andrés-Alonso, Azofra-Palenzuela & Romero-Merino (2010) found that, whereas board size and

independence do not have a definitive effect, the greater knowledge generated by having a diversified board does have a positive influence on resource allocation.

Board-CEO Relationship

According to Conger, Fingegold, and Lawler (1998), effective governance requires a healthy balance of power between the board and the chief executives. Despite the critical roles and responsibilities that CEOs are perceived to carry (Heimovics & Herman, 1990), their role in governance has received little attention in the nonprofit literature. The scant number of studies provides an incongruity of sorts about the relationship between CEO and governance: On the one hand, the corporate governance literature suggests that a powerful CEO may impair the board's independent judgement and limit the board's ability to engage in discussions and debates that are critical for effective governance (Dalton & Kesner, 1987; Pearce & Zahra, 1991): on the other hand, the nonprofit literature posits that strong CEO leadership in non-profit organizations enhances a board's active role in strategy (Siciliano, 2008).

Governance Processes

What is even more important than the diversity of board members and CEO leadership, according to the most recent research in the English-language literature, is governance processes. The underlying assumption of such research is that board activities and processes have more to say about the strategic approaches and performance than the structural perspectives (e.g., board size and other more static characteristics) (Cornforth, 2003; Green & Griesinger, 1996; Brown, 2005; Engle, 2013). In a study on 110 Italian foundations, Boesso, Cerbioni, Menini, & Parbonetti (2017) found that good governance processes (e.g., training the board, self-evaluation of trustees, setting the

stage for effective board and committee meetings, implementing control software, and steering meetings to improve the board's analysis) have the strongest positive association with an evolved strategic approach to philanthropy when compared to board diversity and strong CEO leadership.

Endogeneity is a critical issue affecting most of the cross-sectional studies discussed above. Due to the absence of instrumental variables, reverse causality and correlations between outcome variables (efficiency or strategy) and governance variables are difficult to treat statistically. Also, like other social science topics, the numerous internal and external factors influencing foundations' governance and strategy make it impractical or impossible to control for statistical analysis. Even big data econometrics, which allow for an extremely large number of variables in the conditioning set, require some type of data reduction techniques such that only some of the included variables appear in the true model (Titunik, 2015).

More importantly, many of the findings of the research on foundations' governance have little relevance to practice. When looking at the composition of private foundations' boards, we see a severe lack of diversity, particularly with family foundations where "control remain with the same family through many generations" (Grant, 2016, p. 410). Also, "the predominance of relatively closed and, thus, preferential recruitment modes, particularly with family foundation boards 'giving' senior salaried roles to junior family members" (Grant, 2016, p. 412), may do a disservice to the contribution of CEO leadership in strategy. Only the findings on governance processes, i.e. board actions, seem applicable to the reality of private foundations. If private foundations' common practices are currently far from the "best practices" associated with

the ideal board and CEO composition, good governance may need to come from the governance processes themselves.

Governance Functions

Within governance processes, authors have distinguished between the more visible processes, such as meeting frequency, from the more dynamic but potentially more empirically challenging processes such as board functions (Gazley & Nicholson-Crotty, 2018). Particularly, there are two main functions to consider: control and stewardship (Puyvelde, 2016). The control or monitoring task is often based on agency theory which supposes that managers are opportunistic. Therefore, the main task of governance mechanisms is to protect the resource contributors (founders, funders and donors in philanthropic foundations) from managerial misappropriation. To do so, governance mechanisms must control the organization's performance, monitor its activities, and assess the management team or its philanthropic equivalent (Dalton & Dalton, 2005).

The stewardship task, on the other hand, is related to an organization's guidance. It includes providing advising and counseling for managers, as well as establishing external legitimacy and networking (Hillman & Dalziel, 2003). Based on stewardship theory, governance mechanisms can be considered as an active part, i.e., as playing a critical role, in guiding management in strategic decision making processes (Andrews, 1980; Minichilli, Zattoni, & Zona, 2009). In addition, some scholars add relational concepts to governance functions as salient variables. These concepts have to do with the relationship between the organization and its external environment and include variables such as transparency, accountability and responsibility to stakeholders (Gill, Flynn, &

Reissing, 2005).

While there is a wide consensus that boards need to balance control and collaboration tasks in the governance of nonprofit organizations (Sundaramurthy & Lewis, 2003; Kreutzer & Jacobs, 2011), little attention is given to stakeholders' participation in foundation decision making or to the dimensions of the participation variable (Stone & Ostrower, 2007). The plethora of board self-assessment toolkits, such as the Board Self-Assessment Questionnaire (BSAQ) (Holland, 1991), the Board Self-Assessment Tool (McKinsey and Company, ND), the Governance Self-Assessment Checklist (GSAC) (Gill, Flynn, & Reissing, 2005), the Good Governance ToolKit (VicSport, n.d.), the Charities Toolkit (Kingston Smith, 2013), the Board Self-Assessment for Private Foundations (BoardSource, n.d.), or Makeen Scale for Nonprofit Governance which was adopted by the Saudi MLSD in Saudi Arabia (Makeen Platform, n.d.), in fact, seem to include some aspects of both control and collaboration concepts. The stakeholder participation sections of these toolkits, however, generally posed only very limited and vague questions about stakeholders' participation in decision making processes.

Since these toolkits frequently lack strong supporting empirical evidence (Jackson & Holland, 1998; Hough, 2006) to support the recommendations they make, they implicitly call for a closer empirical investigation of what aspects of governance functions are more important and, consequently, which functions should be given more attention by consultants to foundations and others who are attempting to promote best practices in the areas of governance. On deeper levels, some argue that the control and stewardship functions construe a narrow organizational-level definition of governance

that values institutional interests over societal interests. Those who advance this argument call for expanding governance to include leadership work at the external boundaries of nonprofits (Chait, Ryan, & Taylor, 2005; McCambridge, 2004). Table 2 highlights the main functions of governance discussed in the literature.

Table 2.

Functions of Governance

Control Functions	Stewardship Functions	Relational Functions
Overseeing financial management	Clarifying the organization's mission and vision	Providing an avenue for key stakeholder input into the strategic direction
Ensuring that the activities of the organization align with its mission	Building and monitoring strategy	Community representation
Ensuring an effective system of internal controls and policies on key issues are in place	Assuring basic legal and ethical responsibilities	Demonstrating transparency, accountability and responsibility to stakeholders
Overseeing the chief executive officer	Appointing and developing the CEO	Building/enhancing reputation of the organization with key stakeholders
Evaluating the performance of the organization against its objectives	Nurturing the culture, norms and values of the organizations	
Ensuring compliance with all relevant laws, codes of conduct and appropriate standards of behavior	Ensuring adequate resources (financial & human) are in place to support the strategy	
	Providing expertise to support organizational priorities	
	Risk Management	

Conclusion

Research is not keeping up with foundations' growth in significance. While the theoretical approaches and existing studies on board composition, board-CEO relationship and governance processes are helping us understand the role of governance in explaining foundations' choices and performance, much more work is required in terms of creating the case for and robust evidence about what constitute "good" governance. Information about participatory types of governance employed by philanthropic foundations and their impact is especially needed. I next examine the literature on participatory governance that has been generated mostly in literatures different than foundation theory and research, in an effort to expand our thinking on the relationship between governance and philanthropic strategy.

CHAPTER FOUR

IN SEARCH OF A THEORITICAL FRAMEWORK FOR THINKING ABOUT AND STUDYING PARTICIPATORY GOVERNANCE

This chapter focuses on the why and how of participatory practices of governance by drawing on management, political science, public policy and nonprofit literatures.

Participatory Governance Rationale

According to Mintzberg (1978), strategy formulation is dependent upon three interrelated forces: (a) the environment; (b) the internal organizational operating system; and (c) a leadership whose role is to mediate between the environment and the internal organizational operating system in order to let the organization adapt to or change its environment. In the case of private foundations, leaders (i.e. board members and executive staff) play the strongest role in changing grantmaking priorities when compared to environmental factors (e.g., legal regulations) or internal operational systems (e.g., grantmaking selection and evaluation processes) (Einarsson, McGinnis, & Schneider, 2011). Since leadership plays an important role in shaping strategy, the questions become: On what basis do leaders make decisions, and what is the impact of these decision-making processes on strategy.

The Concept of Accountability

The notion of participatory practices emphasizes that there are limits to the accountability power and influence of public-serving organizations. Hierarchical steering characterized by a government-led, expert-centered approach is not adequate for policy-making or problem-solving (Stirling, 2005). The governance perspective, therefore, argues that public-serving organizations need to reach out to involve external

stakeholders including the public, the business sector and civil society in order to enhance its governing capacities to achieve societal goals and solve problems (Wesselink, Paavola, Fritsch, & Renn, 2011).

Foundations are private institutions serving public purposes. Because they are not subject to the accountability forces that regulate, either informally or formally, for-profit and government sectors, they are often advised to take proactive steps to be accountable to both founders and the communities they serve. Their private-public dual accountability results, on the one hand, from the fact that foundations are created by private donors and should be bound to carry out their wishes and, on the other, from the fact that foundation donors and the institutions they create receive, in many countries, important tax benefits and, consequently, are required to serve valid public purposes as defined by law. In other words, “foundations are stewards of public, as well as private trusts and must reflect this stewardship in everything they do” (Aspen Institute, 2002, p. 5).

This emphasis on stewardship implies the need for some form of accountability, but we are left with a question: Accountable to whom? Stakeholder theory (Donaldson & Preston, 1995; Mitchell, Agle, & Wood, 1997) posits that organizations should be responsible to “any group or individual who can affect or is affected by the achievement of the organization’s objectives” (Freeman, 1984, p. 46). The social constructivism approach to effectiveness (Herman & Renz, 2008) suggests that the role of nonprofits’ leaders is to coordinate, negotiate, and resolve potentially conflicting stakeholders’ interests in order to set the overall direction of the organization (Cornforth, 2003; Hung, 1998). The diversity of stakeholders’ viewpoints and their relationships to the

organization's objectives are two key criteria for identifying participants.

It is important, however, to be cautious in efforts to glorify the concept of accountability and acknowledge some potential limitations to applying it to the context of foundations. As agency theory argues, foundations' decision-makers do not have comprehensive information about all their stakeholders. The concern of this theory is the concept of information asymmetry between customer (or principal) and agent (or firm) (Hansmann, 1996). If stakeholders, including beneficiaries and community partners, are considered the principals, then they are seen to delegate the management and control functions to foundations' decision-makers (agents) who retain ultimate control over strategies. Problems arise when those agents do not reflect the principals' needs or views (as seen in Miller's (2002) study in which she notes that board members tend to monitor aspects of the organization that reflect their specific area of expertise).

In addition to the information asymmetry issue, the legal structure for foundations in some parts of the world, such as Saudi Arabia, makes the accountability argument for participatory governance less compelling. Private foundations in Saudi Arabia are not tax-exempt and they do not receive special benefits from the government. While they are bound to serve public purposes as stated by the founders, foundations in Saudi Arabia are not obligated by law to be accountable to stakeholders or the public's ideas or their evaluations for such purposes.

The Concept of Representation

In general, public-serving organizations are motivated to adopt more participatory practices as important ways to respond to calls for representative democracy (Speer, 2012). Ever since Alexis de Tocqueville (1956) first published *Democracy in America* in

1835, the literature on the contributions of nonprofit and voluntary organizations to the democracy of societies has been growing, especially in recent decades. One side of the argument suggests that voluntary associations mediate between individuals and megastructures (i.e., government and large corporations) by giving voice to individual concerns and, thereby, empowering their democratic participation (Berger & Neuhaus, 1977). Another side of the argument proposes that participation in secondary associations creates dense networks of civic engagement, norms of generalized reciprocity, and generalized trust which, in turn, produce a healthy democracy (Putnam, 1995).

In the context of nonprofit organizations, Guo & Musso (2007) argued that “an organization can enhance its representational capacity by establishing representative structures through which the views and concerns of its constituents and the larger community are represented by those who speak on their behalf in the organization” (p.310). Building on Pitkin’s (1976) classic work *The Concept of Representation*, Guo and Musso differentiated between three types of representation capacities, *formal*, *descriptive* and *participatory*, that help promote the organization’s *substantive* and *symbolic* representation. Table 3 provides definitions for each of these dimensions of representation and relate them to relevant studies.

Table 3.

Dimensions of Representation in Nonprofit Organizations

Dimension	Definition	Examples
Legitimacy: substantive representation	This dimension of representation occurs when an organization acts in the interest of its constituents, in a manner responsive to them. It is often measured by the congruence	Berry, Portney, & Thomson (1993); Bolduc (1980); Cnaan (1991); Kissane and Gingerich (2004); Regab, Blum, and Murphy (1981); Swindle (2000)

Dimension	Definition	Examples
	between leaders and constituents on issues of most importance.	
Legitimacy: symbolic representation	This dimension of representation occurs when an organization is trusted by its constituents as their legitimate representative.	Abzug and Galaskiewicz (2001); Bolduc (1980)
Capacity: formal representation	This dimension of representation occurs when formal organizational arrangements establish the ways in which its leaders are selected by its constituents. It focuses on elections and other relevant formal arrangements (e.g., rights of recall of leadership, etc.).	Bramble (2000); Cnaan (1991); Regab et al. (1981)
Capacity: descriptive representation	This dimension of representation occurs when leaders of an organization mirror the (politically relevant) characteristics of its constituents.	Abzug (1996); Abzug, DiMaggio, Grey, Useem, and Kang (1993); Abzug and Galaskiewicz (2001); Cnaan (1991); Gittel and Covington (1998); Middleton (1987); Regab et al. (1981); Siciliano (1996); Widmer (1989)
Capacity: participatory representation	This dimension of representation occurs when there is a direct, unmediated, and participatory relationship between an organization and its constituents. It highlights the importance of maintaining a variety of channels of communication with constituents.	Bramble (2000); Brown (2002); Checkoway and Zimmerman (1992); Lansley (1996)

Source: Guo & Musso (2007).

Two of the representation capacities, formal and descriptive, do not fit many private foundations' contexts. In most cases, there is no formal grant of authority by the constituents to private foundations' leaders (formal representation) nor do those leaders mirror the characteristics (wealth status, education level, etc.) of the foundation's constituents (descriptive representation). Of course, the mere existence of such structural arrangements does not guarantee substantive representation. As stated by Bramble (2000), "It is entirely possible for organizations to have formally very democratic constitutions but to be led by leaders who are only marginally under the control of constituents or members" (p. 304).

Furthermore, not employing the more structural mechanisms of representation does not mean that foundations cannot be representative. Nonprofit organizations, including foundations, can uphold a participatory relationship with their constituents. Participatory capacity, the third dimension of representation in Guo and Musso's framework, highlights the capacity of the organization to maintain a variety of channels of direct communication and deliberation with their stakeholders to ensure that the organization is receptive to them. Based on Arnstein's (1969) "ladder of participation" analogy, Guo and Musso argued that, participatory mechanisms can be viewed as a continuum with respect to the degree to which constituents and the community have the real power. For instance, the lower rungs of the ladder represent nonparticipation by manipulation (e.g., constituents are placed on rubber-stamp advisory committees or advisory boards). The next rungs of the ladder represent tokenism and consultation (e.g., attitude surveys, neighborhood meetings), followed by higher levels of community power such as partnership and delegated power. (p. 315)

The Concept of Collective Intelligence

While the accountability and representation rationales for stakeholders' participation are somewhat difficult to apply to assets-based self-governing non-tax-exempt private foundations, the concept of collective intelligence fits comfortably with what foundations are and do. From this perspective, the practical significance of stakeholders' inclusion in decision making is portrayed as an endeavor to enhance the quality of decisions. Society's "wicked problems," in other words, can only be managed and dealt with through wide participation in decision making. Only then will knowledge that is concealed in the society surface and contribute to creating a more thoughtful and appropriate decision process about societal needs, capacities, and solutions (Mikulskienė, 2015). In short, stakeholders' participation is seen as a way to "improve the provision of public goods and services, and bolster outcomes in areas such as health and education that straddle the boundaries between public and private, social and individual" (Fung, 2015).

Collective intelligence and other similar concepts (e.g. open innovation, crowdsourcing, wisdom of the crowds and wikinomics) suggest that external inputs can be leveraged toward organizations' ends at least as effectively as internal resources (Wise, Paton, & Gegenhuber, 2012). While the concept of collective intelligence can be seen as something that has been prevalent throughout history and empirical studies, historically, have demonstrated that groups leveraging collective intelligence can outperform individual experts (Wise, Valliere, & Miric, 2010), the rapid advancement and pervasion of information and communication technologies are fundamentally

changing the way intelligence is collectively developed (Malone, Laubacher, & Dellarocas, 2010).

Public-serving organizations around the world are making efforts to solve public problems in a more creative way through gathering the wisdom of crowds (Wise, Paton, & Gegenhuber, 2012; Taewoo, 2016). In the US, for example, Innovation.ed.gov is designed to bring together entrepreneurs, funders, and educational stakeholders to seed new strategies and scale proven approaches. <https://beteiligungshaushalt.freiburg.de> is a public budget planning portal which allows citizens of Freiburg, Germany to decide which issues are most important to address and estimate values for how much should be spent on each budget segments. Along the same lines, the Korean government adopted ‘Government 3.0: openness, sharing, communication, and collaboration’ to foster collaboration across policy processes with the help of online and offline channels for participation. The US, European and Korean initiatives clearly demonstrate an underlying theme: together stakeholders can better release the potential of the public and their agents to create more engaging and sustainable futures.

In the context of nonprofit organizations, there is an increasing emphasis by scholars and practitioners on the idea of supporting nonprofit organizations to collect data for the purpose of learning and planning. With a critical view, Ebrahim, Battilana, and Mair (2014, p. 1) expressed how social enterprises “have fallen into the habit of conducting evaluations that meet the needs of upward accountability: They collect data to meet the requirements of their investors.” Dichter, Adams & Ebrahim (2016, p. 2) then prioritized the commitment to downward accountability— “to making sure that social enterprises are using data to improve the lives of their intended beneficiaries.”

Pluralistic ignorance is a challenging concept that is important to review along with collective intelligence literature. It is a social situation where “a majority of group members privately reject a norm, but incorrectly assume that most others accept it, and therefore go along with it” (Katz, Allport, & Jenness, 1931). Pluralistic ignorance can undermine the wisdom of the crowd in multiple ways (Lorenz, Rauhut, Schweitzer, & Helbing, 2011). However, one of the main advantages of foundation’s independence as an asset-based self-governing organization, is their freedom to ignore ‘what the majority think,’ if needed. Foundations are often advised to make their strategic decisions while considering local or international human rights’ or other humanitarian and field-related standards. The next section reviews the literature on participatory governance evaluation frameworks which take into consideration the use of such systematic standards.

Participatory Governance Evaluation Framework

Another theme in the literature sheds light on the capacity of participation and provides frameworks that can help distinguish between the more comprehensive participatory practices from the less comprehensive ones. It is important to note, however, that participation evaluation frameworks are normative in nature. Participation is a highly dynamic concept. Consequently, it may not be appropriate to develop a standard criterion of what constitutes an effective participatory practice (Rowe, Horlick-Jones, Walls, Poortinga, & Pidgeon, 2008). In addition, different cultural and subject-related contextual factors shape the concept of effective participation differently (Wesselink, Paavola, Fritsch, & Renn, 2011). This section, therefore, is not intended to offer optimal frameworks that articulate best practice. Rather, the goal is to lay the ground for the exploratory phase of this study by specifying the key components,

processes, and dynamics that are assumed to be potentially critical elements in participatory approaches.

According to Cooper, Bryer and Meet (2006), three central questions need to be considered concerning the participatory approach to decision making: Who? Why? And How? First, in terms of the “who question,” it seems axiomatic that participatory capacity maximization depends on how large and diverse the pool of stakeholders participating. Engaging wider and more diverse groups is likely to improve participation-intended objectives. Second, in terms of why, the reason for participation is a concern that relates to whether the engagement is focused on goal and plan creation or project implementation. Engagement efforts that are focused on collecting feedback on projects’ execution from stakeholders are not as participatory as those that are focused on engaging stakeholders in answering deeper questions such as why and for what goal. Finally, in terms of the how question, the techniques and processes that are used in stakeholders’ engagement are important to consider with regards to fulfilling the functions of participation. More systematic and thorough participation procedures are better at achieving participation intended outcomes.

The inclusiveness of different stakeholders may take different forms depending on the context, but Bradshaw (1974) provides a general category of stakeholders that each may carry different views in the context of social work. Bradshaw’s (1974) perspectives of community needs, i.e., normative, perceived, expressed and relative needs, are now commonly used in practice-oriented books (Kettner, Moroney, & Martin, 2017). Based on these perspectives, government officials and experts often view needs from the normative and relative perspectives which identify needs according to a norm or a set of

standards such as the duration and intensity of physical activity that people need to enhance their health. Beneficiaries, on the other hand, may perceive and express needs differently. Perceived and expressed needs often focus on the symptoms of the problems such as the need for more accessible health care services. Wise donors pursue a compromise position that combine all these views (Frumkin, 2006).

In the context of energy policy-making, Mah and Hills (2014) developed an integrated framework that can serve as a guide for breaking down and analyzing complex participatory processes. The framework identifies three primary dimensions of participatory governance: content, process and outcome. The content dimension draws attention to the accuracy, comprehensiveness, and objectivity of the information provided to participants. The process dimension highlights the interactions among actors that take place in the participation process, including the timeliness, inclusiveness, transparency, responsiveness, empowerment, and deliberation. The outcome dimension highlights the changes that result from the interactional process, including the improvement of the substantive quality of decisions, policy legitimacy, trust enhancement, empowerment, and conflict resolution. The content–process–outcome participatory governance model is presented in table 4.

Table 4.

A Normative Framework for Participation Evaluation

Dimensions	Parameters	Indicators
Content	Accuracy	<ul style="list-style-type: none"> To remove error or provide more precise descriptions
	Comprehensiveness	<ul style="list-style-type: none"> To exchange information on the knowledge, attitudes, values, practices and perceptions of interested parties concerning the issues.
	Objectivity	<ul style="list-style-type: none"> To provide the participating partners balanced information that include variety of perspectives rather than biased or partial information, or misinterpretation of information

Dimensions	Parameters	Indicators
Process	Timeliness	<ul style="list-style-type: none"> • To involve stakeholders early • To provide adequate time for stakeholders to consider, discuss and challenge the information
	Inclusiveness	<ul style="list-style-type: none"> • To include all stakeholders rather than the selected few
	Transparency	<ul style="list-style-type: none"> • To provide information proactively in meaning, accessible form free of charge or at a reasonable cost • To be open and candid so that people have information relating to how government arrive at and implement decisions. • To be accountable to the decisions made
	Responsiveness	<ul style="list-style-type: none"> • To emphasize evolutionary process rather than pre-determining decisions. • To emphasize an opening up approach that are sensitive to different framing conditions and assumptions; triangulates contending knowledges, considers ignored uncertainties rather than a closing down approach that highlighting a single possible course of action that appear to be preferable • To adopt a systemic approach that integrate and coordinate changes in different parts of the energy system and take in to account long-term structural effects on today's energy decisions
	Empowerment	<ul style="list-style-type: none"> • To delegate authority (to decentralize decision making power) • To share resources
	Deliberation	<ul style="list-style-type: none"> • To provide participants information from multiple sources; to encourage them to discuss and challenge the information as well as to debate and consider each other's views; to facilitate them to reflect and re-evaluate on his or her own views before making one's own informed and reasoned decision
Outcome	Improvement of the substantive quality of decisions	<ul style="list-style-type: none"> • To improve the substantive quality of decisions in several ways, such as by offering local or site-specific knowledge, discovery mistakes, or generating alternative solutions that satisfy a wider range of interests so that broader issues, questions, conditions, causes or possibilities that might otherwise be missed are considered.
	Policy Legitimacy	<ul style="list-style-type: none"> • The policy is seen as the right thing to do (moral legitimacy) • The stakeholders, through a deliberative process, believe that the procedures by which a policy has been developed are conducted in valid ways (process legitimacy)
	Trust enhancement	<ul style="list-style-type: none"> • To foster trust and confidence in institutions and the policy process

Dimensions	Parameters	Indicators
	Empowerment (as an outcome)	<ul style="list-style-type: none"> • To strengthen mutual respect among all participants • To strengthen a stakeholder's belief that the government properly register, summarize, interpret, and act upon his/her views and values • To build the stakeholders' capacity for solving problems through ensuring access to expertise, providing adequate knowledge on the subject matter, and integrating information with participants' intuition, experience, and local knowledge. • To promote awareness and understanding of the subject matter, as well as a shared goal and a collective perception of solutions
	Conflict resolutions	<ul style="list-style-type: none"> • To nurture collaborative rather than adversarial decision making (or intransigence-refused to be persuaded) so that lasting and satisfying decisions are made, potentially averting litigation and gridlock.

Source: Mah & Hills (2014).

Conclusion

This chapter provides a conceptual framework that looks beyond the traditional roles of governance to explain the critical participatory governance functions. These functions and their conceptual models have limited empirical support in the nonprofit context. The present study may provide a steppingstone toward enriching and verifying the variables identified in the normative models that were reviewed here through examining the relationships between participatory governance and philanthropic strategy. The next chapter describes the research design and methodology that are used to generate the information needed for this study.

CHAPTER FIVE

METHODOLOGY

This section sets the stage for exploring, examining, and explaining how participatory practices add value to foundations' philanthropic strategy. The chapter begins with discussing the research paradigm, purpose and design. Then, sampling approaches, data collection tools and data analysis methods for each of the study phases are detailed.

Research Purpose, Paradigm and Design

The goal of this thesis is to take an initial step toward understanding how participatory governance adds value to foundations' philanthropic strategy. In an effort to take an initial step toward achieving that goal, the findings discussion that follows, first, explores what participatory practices and philanthropic strategy look like in the study context of Saudi foundations; the goal in reporting data from what was a preliminary study here is to generate input for achieving the purposes focused on in the two subsequent phases (Malhotra, 2007). Building on the findings of the exploratory study (first phase), the second phase of this study examined the direction and strength of the relationship between participatory practices and philanthropic strategy. The third phase, then, qualitatively explain the relationship's causal logics and patterns.

As apparent from the purposes being persuaded by the study's three phases, the ontological, epistemological and methodological positions of the present study are an amalgam, of sorts, of what Neuman (2011) calls the interpretive, positivist and critical/constructivist paradigms. The first phase objective of trying to understand how participatory practices and philanthropic strategy are constructed by foundation leaders in Saudi Arabia is consistent with Neuman's interpretive research paradigm. The second

phase objective of predicting the effect of certain practices on strategy clearly reflects the prediction and control orientation that undergirds Neuman's positivist paradigm; similarly, the study's explanatory case study work also has a positivist goal, even though it employs many of the methods associated with what Neuman calls the interpretive paradigm. Eventually, I hope, through the findings of this study, to empower relevant parties by promoting for the more culturally responsive and socially just practices for governing the charitable assets of foundations; consequently, the long-term goal of this research can be construed as being consistent with the critical/constructivist paradigm.

I believe that reality exists outside our minds while, at the same time, the way we view reality is socially constructed. Our views create social worlds that are constructed by our life experiences and knowledge. Therefore, I take the position that I can only capture reality to a limited extent and cannot draw the whole picture of the studied phenomenon. This view is in agreement with that of Hammersley (1993) who argued that all types of research involve some degree of subjectivity. Explaining phenomenon as a result of social interactions rather than as universal and natural is particularly important in studying subjects as multi-dimensional as philanthropy. Philanthropic decisions are believed to be different from time to time and from place to place (Lloyd, 1993). This study, however, assumes that some elements of the decisions' processes (most notably, participatory processes) are likely to increase the likelihood that certain phenomena will occur (changes in philanthropic strategy) in a large number of contexts.

In terms of research approaches, the present study adopted a mix of both interpretive and positivist preferred research methodologies. It employed what Creswell and Plano Clark (2018) call an *explanatory sequential mixed-methods design*. An explanatory sequential mixed-method design begins by collecting qualitative data and

then uses quantitative methods to deductively assess the generalizability of qualitative findings. The study then uses qualitative case study design to inductively develop logical explanations on the relationship between study variables. Adopting a mix of deductive and inductive approaches, and a mix of qualitative and quantitative methods, offers this research complementary views of the relatively limited studied social contexts, i.e. the context of foundations and the context of Saudi Arabia, and allowed for finding and adding new dimensions as the study progressed.

Finally, it is important to note that the scope of this study is limited to foundations in Saudi Arabia. The single-country design proposed here limits the influence of national and cultural variables on the tested categories and relationships. In addition, the primitive regulatory structure of Saudi Arabia 's nonprofit sector creates an opportunity for researchers to study the influence of foundations' internal factors (e.g., strategy formulation processes) while controlling for external factors (e.g., accountability forces). Finally, the diversity in Saudi foundations' philanthropic approaches—ranging from the simple direct giving to addressing root causes—makes it more possible to statistically examine the factors influencing them.

Methods

There are three main phases of this study: exploratory, examination and explanatory phases. This section discusses the sampling, data collection, and data analysis strategies for each of these phases.

The Exploratory Phase

Field research efforts started by conducting an initial exploratory investigation because there had been little previous research into foundations' strategy formulation

processes and there appeared to be an even greater absence of work examining the subject in Saudi Arabia. The objective of the work was to “discover significant variables in the field situation, to discover relations among variables, and to lay a groundwork for later, more systematic and rigorous testing of hypotheses” (Kerlinger, 1964, p. 388). Particularly, this phase of the study aimed at exploring variations in foundations’ strategy formulation processes.

Sample. Seven different foundations were studied. Since the study was exploratory in nature, a purposeful sample selection strategy was employed to include cases that “have good reason, wither from previous theory or logic or personal experience, to think there will be a lot of what it is to study” (Lurker, 2008, p. 161). Information-rich (Patton, 2002) foundations, i.e. foundations that make significant contributions (at least 5 million US dollars or more) to charitable causes were selected to be studied in this exploratory phase. This amount is a rough estimate of the median contribution of charitable foundations in Saudi Arabia.

In addition to the information-rich criterion, cases that represent important variations across foundations with respect to their philanthropic approaches were intentionally included to ensure that the cases selected represented something close to the range of ways foundations in Saudi Arabia appear to do business. I initially recruited three participants through personal connections that I built through my consulting work. In order to diversify the sample, I invited those initial participants to suggest potential participants that meet the selection criteria but that they believed were likely to employ different styles of operating; this approach, of course, is what the methodological literature calls snowball (or chain) sampling (Faugier & Sargeant, 1997). Sampling from

participants yielded an additional four foundations, as it turned out, added valuable diversity to the study.

Data collection procedures. Data for this exploratory study were collected through guided phone interviews with the Chief Executive Officers or the General Secretary of the participating foundations. First, interviewees were asked about the foundation's area/s of focus and/or goals and how the foundation developed these focus area/s and/or goals. Particularly, they were asked about who was involved in this process and what type of information they considered. Then, interviewees were asked about the organization's overall strategic preferences in terms of the sorts of intervention level, institutional structure, engagement level, and time-frame, as well as the underlying reasons for these preferences. Appendix A contains the actual interview guide employed in this part of the study. Interviews were concluded with a question that asked each interviewee to identify the most important challenges facing the foundation in achieving its goals or making progress in its area/s of focus. My purpose in asking this final question was to get an idea about the nature of the cause/s or social issues a foundation pursued.

Several steps were taken to promote the accuracy of the data generated. All interviewees were asked the same core questions. Interviews were recorded and transcribed. Triangulation of the data was utilized (Creswell, 2003) by crosschecking what an interviewee said with the foundation's related documents (e.g., strategic plans and annual reports) whenever possible. When more than one source supports a claim, triangulation has been established and the validity of qualitative data collected from one source is increased. Each interview took from 60 to 90 minutes, proving sufficient time

for trust-building and expressive communication. A consent form was communicated verbally at the beginning of the meeting to assure participants that their participation is voluntary and confidential.

Data Analysis Procedures. Interviews' data were analyzed using standard processes of analytic induction employed in qualitative research (Goetz & LeCompte, 1984; Glaser & Strauss, 1967) to detect emergent themes and patterns. First, using participants' own words and phrases, emergent themes and patterns were identified in foundations' strategy formulation processes, particularly the extent to which the external context is considered in these processes. Participants with similar decision processes were then categorized into more general strategy formulation categories. Second, for each participating foundation, the level of development in the philanthropic strategy was examined. The relationships, if any, between strategy formulation processes and levels of strategic development were then explored.

Two measures of trustworthiness were implemented: members checking and expert review. Individualized reports consisting of within-case analysis findings for each foundation were emailed to its corresponding respondent to review and comment on the representativeness of the findings for the particular foundation in question. Additionally, the data and findings were reviewed by two experts in the Saudi social sector. This experts' review process was particularly essential for analyzing the complexity of the causes or social problems participating foundations reported dealing with.

Interpretation of meaning is the core of the interpretive research paradigm that was employed during the first phase of the study, but, presumably, interpretive concepts can have different meanings in Arabic and English. To potentially reduce the loss of

meaning, 1) interpretations of concepts was checked with interviewees before asking relevant question, 2) data was analyzed initially in the Arabic language used in conducting the interviews to the extent possible, and 3) consistent with what van Nes, Abma, Jonsson and Deeg (2010) have recommended, reasonably rich descriptive material, in the form of direct quotations, was employed in reporting the results.

The Examination Phase

The goal of the second phase of this project was to empirically test the strength and direction of the relationship between participatory practices and philanthropic strategy. To better capture the strength of the relationship, it was examined relative to the relationship between the other board governance practices, i.e. control and stewardship practices, and the philanthropic strategy that a foundation adopted. To accomplish this task, I developed and analyzed a dataset of the study variables of a sufficiently large sample (78%) of foundations in Saudi Arabia.

Sample. An initial list of 169 foundations, including the 148 civil foundations registered under the Ministry of Labor and Social Development (General Directorate of Charitable Institutions, 2015), the 12 waqf foundations reported by the previously called Ministry of Islamic Affairs, Endowments, Da'wah and Guidance (Grantmaking Entities, 2017), and the commonly known 9 royal family foundations, were reviewed and examined by three local government and nonprofit research experts to check if they were active. Royal family foundations that belong to royal family members who are currently holding government positions were determined to be outside the scope of the study because, although their board members may emphasize their independence from the government, concerns can be raised about their close links to the governmental sector on

the country (Montagu, 2010).

Sample review process yielded a list of 96 active private foundations to be studied. The list contained 50 civil foundations, 12 waqf foundations and 7 royal family foundations. Most of the reduction happened with civil foundations, which is understandable because the Ministry's list of 148 was based on relatively old statistics documented in 2015. The 69 foundations that were finally selected for study resembled foundations in the common law countries in terms of their market-orientation reflected in the limited contractual relationships between them and the government. They also resemble foundations in the civil law countries in the fact that they relied on endowments to operate, a characteristic that make them distinct from other types of nonprofit organizations.

All 69 active private foundations in Saudi Arabia were invited to participate in the study through reaching out to their chief executive officer, general director, program director, strategy director, head of board, or communication employees. Fifty-four chose to participate and allowed me to survey the proper person in the foundation who is in charge of philanthropic strategy and program related decisions and is aware of board processes. In most cases (85%), the chief executive director, general director, or secretary general were interviewed. In few cases (14%), strategy or program directors or head of board were interviewed. Three of the remaining 15 foundations reported being inactive at the time of communication and 12 foundations did not respond, giving a response rate of 78%.

Data collection procedures. In order to collect information about the research variables, I surveyed foundations' executives using a structured questionnaire. The

survey questionnaire was developed based on the foundations, governance and philanthropic strategy literatures' review findings as well as the findings of the exploratory qualitative phase. Two strategies of survey pretesting were conducted to identify any problematic questions. The first strategy is expert evaluation. One topic/subject matter expert, one survey methodologists, and three local experts reviewed the survey and provided feedback for improvements. The second strategy was piloting. The pilot included some evaluative questions to make sure all questions were collecting the intended information and that the meaning of the questions is clear to those responding.

The final version of the questionnaire included seven main components: 1- respondent's profile questions, 2- foundations' descriptive questions, 3- questions on the nature of foundation's top-funded area of focus, 4- questions on foundation's philanthropic strategy, 5- questions on foundation's control and stewardship governance practices, 6- questions on foundation's participatory practices at each level of strategy formulation process, and 7- a question on the key challenges that face the foundation. The subsections below provide a summary of the study constructs and the number of questions used for each construct (refer to Appendix B for survey questions).

To administer the survey, I traveled around Saudi Arabian major cities, Riyadh, Jeddah and Dammam, where most foundations are head-quartered, to personally survey foundation executives. Each personal survey took from 60-90 minutes. Due to efficiency factors and some participants' availability, phone and internet survey were also used for some participants. Foundations located in cities outside the three major cities were interviewed through the phone. Some participants asked to fill out the survey on

their own either due to gender difference or to have more privacy, in which cases an internet survey was used. A few participants were recruited to the study when I had left their city, in which case phone or internet survey was administer.

In total, 32 participants were survived face-to-face, 6 were surveyed by phone, and 16 were surveyed on the internet. As these figures demonstrate, the vast majority of data collection involved in-person, face-to face interviews. The in-person, face-to-face survey strategy allowed me to gather more and deeper information. Personal interviews were particularly useful for this study because it tried to measure highly abstract concepts that require discussion and guided thinking.

Dependent variable. The main dependent variable in Phase 2 was the philanthropic strategy employed by foundations. Two dimensions of philanthropic strategy where measured: 1- cause dimension, i.e. social issue variables, and 2- philanthropic approach dimension. The cause-related variables included four subdimensions: predictability, factors, ecosystem, and knowledge; each was measured using a 6-ponit Likert scale from “strongly disagree” to “strongly agree”. Predictability of the cause was measured using the answer to the question that asks if the relationship between the foundation’s interventions and outcomes was clear to the respondent. The factors subdimension was measured using the answer to the question that asked if there were multiple factors affecting the foundation’s top area of focus. Ecosystem of the cause was measured using the answer to the question that asked if there are strong organizations working in the foundation’s top funded area of focus. Knowledge subdimension was measured using the answer to the question that asks if there was strong knowledge of and experience with the foundation’s top funded area of focus. An additive

scale that ranged from 4 to 24 was used as a measure for cause complexity such that higher values indicate more complex causes.

The philanthropic approach dimension of the philanthropic strategy included three subdimensions: risk level, intervention level, and resource breadth, each measured using a 6-point Likert scale from “strongly disagree” to “strongly agree”. Risk level was measured using the answer to the questions that asked if the foundation supports projects that are unlikely to show quick results, e.g. vocational training for the poor, compared to feeding the poor. Intervention level was measured using the answer to three questions that asked if the foundation works at intervention levels apart from beneficiaries-level: policy, market and mixture of levels. Resource breadth was measured using the answer to three questions that asked if the foundation engages in designing and guiding the execution of interventions through proving experts and network, in addition to the provision of monetary support. An additive scale that ranged from 7 to 42 was used as a measure for philanthropic approach complexity such that higher values indicate more complex approaches.

Both the philanthropic cause and approach dimensions are high abstract concepts that are challenging to measure. For this reason, a participant’s initially reported perceptions were sometimes reinforced with follow up questions. Before surveying a foundation, I would review its website, social media pages, and published reports, to build my own judgment about the nature of the cause the foundation is working on and the nature of philanthropic approaches the foundation was employing. Based on this review, follow up questions were used during the forced survey process. For example, if participant reported employing policy-level interventions when I did not see such

interventions mentioned in any of their reporting, I would ask him/her to illustrate with examples. In some cases, follow up questions led to participants changing their minds about their answers to the original question.

Independent variables. The main independent variables in this phase were governance practices variables including stewardship governance practices, control governance practices and participatory governance practices. Eleven questions were used to measure key dimensions of control governance practices, CEO oversight (3 questions), mission compliance (2 questions), performance evaluation (3 questions), and legal and financial integrity (3 questions). Each question used a 6-point Likert scale from “strongly disagree” to “strongly agree.” An additive scale that ranged from 11 to 66 was used as a measure for control governance such that higher values indicate employing more of the controlling governance practices. The survey also included three questions on transparency, i.e. foundation’s transparency in sharing strategic plans, financial information and annual reports with the public. However, transparency dimension of control governance was excluded from the study analysis because it does not apply to the Saudi context where foundations are not required, by law, to be transparent.

Eight questions were used to measure key dimensions of stewardship governance practices, planning (3 questions), resource development (2 questions), and managerial guidance (3 questions). Each question used a 6-point Likert scale from “strongly disagree” to “strongly agree.” An additive scale that ranged from 8 to 48 was used as a measure for stewardship governance such that higher values indicate employing more of the stewarding governance practices. Both control and stewardship governance scores were added to each other to generate the combined “controlsteward” variable used in the

regression analysis. The purpose of combining those two dimensions of governance is to test their interaction effect with participatory governance on strategy. Table 5 below graphically summarizes the material that was just recounted narratively.

Table 5.

Main constructs of the study

Philanthropic Strategy <i>11 items</i>						
Cause Dimensions <i>4 items</i>				Philanthropic Approach Dimensions <i>7 items</i>		
Predictability <i>1 item</i>	Factors <i>1 item</i>	Ecosystem <i>1 item</i>	Knowledge <i>1 item</i>	Risk level <i>1 item</i>	Intervention-level <i>3 items</i>	Resource breadth <i>3 items</i>
Control-Stewardship Governance <i>19 items</i>						
Control Governance <i>11 items</i>				Stewardship Governance <i>8 items</i>		
CEO oversight <i>3 items</i>	Mission compliance <i>2 items</i>	Performance evaluation <i>3 items</i>	Legal & financial integrity <i>3 items</i>	Planning <i>3 items</i>	Resource development <i>2 items</i>	Managerial guidance <i>3 items</i>
Participatory Governance <i>14 items</i>						
Diversity of participation <i>6 items</i>			Rigor of participation <i>6 items</i>		Depth of participation <i>2 items</i>	

Three dimensions of participatory governance practices were measured: diversity, rigor and depth. The diversity dimension was measured using 6 questions concerning the involvement of key stakeholders (i.e. experts, practitioners, and beneficiaries) in two levels: goal setting (3 questions) and program development (3 questions). Beneficiaries' participation measure was multiplied by 2 to represent literatures' emphasis on their input. The rigor dimension was measured using 6 questions concerning the rigor of data collection and analysis techniques employed to get stakeholders' input, in two levels: goals' setting (3 questions) and program development

(3 questions). The depth dimension was measured using two general questions: one asked if the foundation's goal(s) reflect community needs and one asked if the foundation's programs reflect stakeholders' ideas. Each question used a 6-point Likert scale from "strongly disagree" to "strongly agree." An additive scale that ranged from 14 to 96 was used as a measure for participatory governance such that higher values indicate employing more of the participatory governance practices.

Covariates. Because we know very little about foundations in Saudi Arabia, the questionnaire included a number of descriptive in addition to covariate questions that were used in the multiple regression analysis. These variables included: respondent's age, sex, education, position in the foundation, years' spent in their current position, the foundation's age, legal name, location, geographic scope of work, annual expenditure, sources of income, endowment size, operation cost, employee size, board size, field and subfield of work. Only foundations' age, i.e. number of years since establishment, and size, i.e. amount of last year's expenditure, were considered in the multiple regression models as control variables. These two control variables are often related to strategy and performance in the nonprofit literature.

Data analysis procedures. Qualtrics^{XM} platform was used for all survey collection procedures. Descriptive, bivariate and multiple regression analyses were utilized using Stata 14.2. Descriptive analysis, e.g., frequency, mean, and percentile rank, provided an overview of foundations' executives profile, size, age, legal status, geography, human and financial resources, sources of income, fields of work, philanthropic strategy, governance, and key challenges. Study variables, i.e. governance practices and philanthropic strategy, and also control variables were treated as continuous

variables. Bivariate analysis using Pearson correlations offered an initial assessment of the relationships between study variables, i.e. governance practices and philanthropic strategy. Multiple regression analysis using Generalized Least Squares multiple regression models was employed to test these relationships while controlling for covariates.

Three regression model specifications were considered. Model 1 estimated an unconditional model for philanthropic strategy with control, stewardship and participatory governance practices as primary predictors. Model 2 introduced control variables. Following the one-in-ten rule of thumb for how many predictors can be included in the regression (10 observations for each predictor) (Agresti, 2018) and given the limited size of this study sample, only foundation age was added as a control variable. Model 3, 4, 5 and 6 added the interaction effect of control and stewardship governance with participatory governance practices, assuming that the impact of participatory governance on philanthropic strategy differ at different level of control and stewardship governance.

$$\text{Model 1: PS} = \alpha + \beta_1 \text{ participation} + \beta_2 \text{ control} + \beta_3 \text{ steward} + \epsilon$$

$$\text{Model 2: PS} = \alpha + \beta_1 \text{ participation} + \beta_2 \text{ control} + \beta_3 \text{ steward} + \beta_4 \text{ Age} + \epsilon$$

$$\text{Model 3: PS} = \alpha + \beta_1 \text{ participation} + \beta_2 \text{ control} + \beta_3 \text{ participation\#control} + \beta_4 \text{ Age} + \epsilon$$

$$\text{Model 4: PS} = \alpha + \beta_1 \text{ participation} + \beta_2 \text{ steward} + \beta_3 \text{ participation\# steward} + \beta_4 \text{ Age} + \epsilon$$

$$\text{Model 5: PS} = \alpha + \beta_1 \text{ participation} + \beta_2 \text{ controlsteward} + \beta_3 \text{ Age} + \epsilon$$

$$\begin{aligned} \text{Model 5: PS} = & \alpha + \beta_1 \text{ participation} + \beta_2 \text{ controlsteward} + \beta_3 \text{ participation\#controlsteward} \\ & + \beta_5 \text{ Age} + \epsilon \end{aligned}$$

Several statistical diagnostic analyses were conducted. The variation inflation

factor (VIF) test indicated no multicollinearity between the independent variables (mean VIF = 2.5). Cook's D test identified one outlier, i.e. observations with Cook's D value over 4/54. However, the effect of the single outlier appeared to be slight (coefficient of participatory governance decreased by 0.01 points); thus, the use of robust regression procedures was not necessary. The Cook-Weisberg test did not signify the rejection of the null hypothesis of homoskedasticity (p-value= 0.28) suggesting that the models are not heteroskedastic. Ramsey Regression Equation Specification Error Test (RESET) signified the rejection of the null hypothesis of no omitted variable (F-statistic = 0.04), suggesting that the model may have omitted variable biases. This is not surprising since there are many explanatory variables potentially associated with philanthropic strategy that the regression model did not consider. Discussion of omitted variables will be revisited in the discussion section of this dissertation.

The Explanatory Phase

Since the relationship between participatory governance and philanthropic strategy was shown to be statistically significant in the examination phase, an explanation of the factors through which stakeholders' participation may inform strategy was needed to overcome the possible threat to internal validity in the cross-case analysis. Therefore, in the third phase of the design, I conducted a case study to generate a reasonably thick description of a foundation that is in the process of employing a more participatory strategy formulation process to see how, if at all, the process being employed affected the foundation's philanthropic strategy.

The selection of the case to study was somewhat fortuitous. While I was developing the proposal for this thesis, a co-worker brought to my attention that there is a

foundation in Saudi Arabia interested in developing a strategic plan for one of its branches and is looking for consultants to help them with the process. The branch is located in one of the poorest regions in Saudi Arabia, and the purpose of the foundation I was told about was to serve that region. Like many foundations in the country, the foundation branch was operating as a charitable banker that provides grants to nonprofit organizations in the region based on their requests with no clearly articulated objectives or theory of change. Few nonprofit organizations exist in the region and their scope of work is limited to religious causes or the provision of basic assistance to the needy.

Having reviewed the literature on the strategy formulation process, particularly in terms of assessing and prioritizing community needs, and also because I was designing interventions for this study, I indicated an interest in participating with the consulting team that was being assembled. This consulting experience gave me great insights on what participatory practices look like in the real world. It also helped in validating the findings from the quantitative phase of this study. Establishing the semi-causal link between participatory practices and philanthropic strategy requires some sort of longitudinal methods to answer what turned out to be the major question of the phase three part of the study: If a foundation that operates with an internally-focused framework for making decisions shifts to a more externally-focused framework, will the foundation's philanthropic approaches change as a result? And, if they do, in what ways will they change and how will they change? During Phase 3 of the study, I attempted to answer these questions through a seven months strategy formulation case study of the foundation for which I had become a consultant.

To maintain the privacy of the foundation in the third phase of the study, I gave it

the name Foundation A and I called the region Region X. Foundation A is a branch of one of the wealthiest foundations in Saudi Arabia. Given the generous resources that were allocated to support the strategy formulation process, the consulting team decided to make this strategic planning process as comprehensive as possible in terms of a) engaging all related parties as possible, and b) involving stakeholders' in both goal-setting and program-designing decision making processes.

To develop this in-depth case study, I adopted a participant observation methodology. I attended the foundation's meetings throughout the participatory strategy formulation process. Before and after those meetings, I wrote memos that described 1) the meetings' setting (time, location, who participated) and 2) all verbal and nonverbal communications related to the stakeholders' needs and aspirations as well as philanthropic plans and approaches discussed during the meeting. I was engaged in the project as a participant observer in a "schizophrenic" mode (Merriam, 1998, p. 103), meaning that I participated as a consultant in the setting under study but not to the extent that I become too absorbed to observe and analyze what was happening.

Of course, what I "saw" through my participation is highly dependent on my interests, biases, and backgrounds. I hope the inductive/discovery-oriented style of this phase will help limit the impact of my prior conceptualizations on study constructs. Having awareness about my personal biases as well as the introduction of an expert panel in my research design hopefully helped limit the impact of any biases I may have brought to the study. Furthermore, subjectivity, if carefully managed, can be an asset rather than a liability to the research process (Peshkin, 1988). My prior experiences with the subject may have helped make this project as fruitful as possible for the foundation itself and for

all foundations that are interested to learn from one foundation's experiences with engaging external stakeholders in foundation decision making related to goal setting and program development.

Conclusion

Chapter Five has discussed issues relevant to the methodology used in this study, including the research paradigms employed in the three phases of the study, as well as research purposes, research approaches, sampling strategies, and data collection and analysis techniques. Having described the methodology in this chapter, the following chapter provides the key findings generated by each of study's three phases.

CHAPTER SIX

FINDINGS

This chapter aims to outline the results of all three phases of the study, the qualitative exploratory phase, the cross-sectional examination phase, and the case study explanatory phase. The first part presents the results of the exploratory interviews and document reviews of different Saudi foundation to further develop study constructs and hypothesized variations and relationships among them. The second part presents the descriptive analysis and relationship analysis findings of the large-scale cross-sectional foundation data. The last part presents the explanatory data gathered through the seven months participant observation period in one foundation that promised to be an inferentially robust case.

Exploration Phase Findings

A total of seven (five men and one women) executive-level employees, i.e. chief executive officer, general director, or secretary general, from different Saudi foundations participated in the study. Each interview lasted from an hour to an hour and 30 minutes. All participants reported having from seven to 13 employees working in their foundations and an annual budget of approximately 5 to 15 million US dollars for their foundations' philanthropic programs and grants. Participating foundations were based across the Saudi major cities, Riyadh, Jeddah and Dammam. Their philanthropic focus ranged from youth development and nonprofits' capacity building to health and education.

Saudi Foundations' Philanthropic Strategy

The discussion with interviewees about their program and grants revealed that a variety of philanthropic approaches were employed in the different foundations being

studied. Philanthropic approaches of the interviewed foundations ranged from the relatively simple approaches to the more complex approaches. Simple approaches included (a) providing monetary support to existing individuals or organizations through simple grant processes using a traditional linear planning approach that required limited foundation staff engagement and short-term evaluation systems. Complex approaches, on the other hand, included providing time, resources and experiences to mobilize and organize actors at different levels of change with a long-term commitment to experimentation and learning. While most foundations in the sample seemed to employ mixed tactics of simple and complex approaches, each of them clearly leaned toward one side on the strategic dimensions, i.e. risk level, intervention level, and breadth of resources.

Additionally, philanthropic approaches of the interviewed foundations varied in terms of their alignment with the nature of the problem a particular foundation was working on. A common misalignment was noticed when a foundation uses simple grantmaking approaches to address complicated goals. For example, one foundation is interested in *empowering nonprofit organizations with technology* while operating by the “adding resources” approach with a simple and, consequently, quite limited level of engagement with grantees. The absence of strong intermediaries in Saudi Arabia that can work with local nonprofits to enhance their technologies, as noted by the foundation’s director, calls for more sophisticated strategies such as taking a role in establishing technology intermediaries. Nine months later, when I visited the same foundation to survey the same director for the quantitative phase, he mentioned that they, indeed, took major steps toward implementing more complex approaches including, for example,

building a hub for nonprofit tech intermediaries inside their renovated multifunctional office. This case suggests that age is likely to play an important factor in influencing philanthropic strategy.

Foundations with high strategic alignment, on the other hand, appeared in two scenarios. The first scenario includes foundations that are also using simple philanthropic approaches but in fields that are relatively well understood and where strong organizations exist to effectively use grant dollars. An example was *eliminating blindness through surgical procedures*. Some strategic philanthropy theorists, of course, would criticize such scenarios with the argument that philanthropic organizations must be in a permanent quest to end the need for the services they fund and solve the problems their grantmaking is designed to solve. Such an argument is particularly emphasized for private foundations given their structural advantage and freedom to tackle the more complex problems in societies.

The second scenario of high strategic alignment included foundations that are experimenting with new approaches and working collaboratively with multiple parties at different levels of change when their causes are not well understood and intractable. An example was *creating the market for social entrepreneurship among youth*. The social entrepreneurship ecosystem in Saudi Arabia is characterized by weak policies, lack of strong organizations, and limited experiences. Foundation's efforts would only be impactful if it employed sophisticated philanthropic approaches that would mirror the sophistication of the cause.

Participatory Practices in Saudi Foundations

Several participatory structures and methods were found to be employed by Saudi

foundations. One foundation director, for example, mentioned having a “philanthropic work committee” working under the board that is responsible for most of board roles including strategic planning and performance evaluation. The committee consisted of different appointed stakeholder groups including experts, practitioners, and community members, as well members from the foundation board (family members). Committee members are given rewards based on the quality of their participation. Another director stated that, in each strategic planning cycle and after crafting the initial strategic plan draft, they conducted “pressure testing” workshops to help identify where the plan needs work. These workshops, according to the director I interviewed, generated a deeper and more fruitful strategic planning dialogue. In addition, several directors mentioned the use of public opinion surveys to prioritize community development goals.

Qualitative data analysis revealed three clusters of strategy formulation processes that run along a continuum of participatory practices. The three clusters are *internally-focused frameworks of strategy formulation processes*, *haphazard externally-focused frameworks of strategy formulation processes*, and *comprehensive externally-focused frameworks of strategy formulation processes*. These clusters differ in terms of the extent of potentially conflicting views from external stakeholders considered at each level of the strategy formulation process, the depth of participation in the strategy formulation levels that they are engaged in, and the extent to which stakeholders’ views are considered in a systematic way.

Foundations using internally-focused frameworks of strategy formulation process rarely mentioned their external context when discussing developing goals and describing how they will achieve those goals. Instead, they develop goals and strategies based on

the experiences of the people in the foundation as well as their well-established standard operating procedures. When asked to describe how the foundation made the decision to fund its most recent project, directors of those foundations tended to describe general criteria like the geographical location of proposals, the number of lives to be impacted, and the clarity of proposals as the factors impacting their grantmaking decisions.

Foundations using externally-focused frameworks of strategy formulation processes in an emergent/haphazard way tried to adjust their grantmaking approaches to be aligned with different environmental forces at different times. They mostly used information at hand, rather than rigorously developing external data to guide their decision making. One director, for example, emphasized the point that nonprofit sector practitioners are “pushing” the foundation to fund certain projects, despite the fact that these projects had nothing to do with the foundation’s mission. Another interviewee mentioned that they asked a group of youth, their targeted population, “How can your life be better?” and developed their programs accordingly. In both cases, the process of considering and balancing out external views from different stakeholders were not apparent, i.e. only one group of stakeholders were considered (field practitioners in the first case and beneficiaries in the second case). Additionally, stakeholders’ participation was only at the project designing level (not goal creation), and the techniques used to gather stakeholders’ ideas were far from systematic, e.g. convenience sampling of participating youth.

Finally, foundations using the more comprehensive externally-focused frameworks of decision making considered multiple views from different stakeholders at deeper levels of the strategy formulation process and with relatively more systematic processes of data

collection and analysis. These foundations tended to shape their philanthropic goals and programs by “combining both the expressed desires of local community and their own conceptions, balancing, at the same time, the latest research and science on public needs” as Frumkin (2006, p. 342) described. Of the seven foundation directors participated in the exploratory phase of the research agenda being reported here, two directors described some advanced data collection and analysis procedures, such as validated measures and econometric analyses, when asked how they combine the information they collect from stakeholders. Table 6 summarizes the key difference between strategy formulation processes’ clusters.

Table 6.

Participatory Practices among Saudi Foundations

	Diversity of external views Who?	Level of participation Why?	Rigor of participation process How?
<i>Internally-focused strategy formulation process</i>	No stakeholder participation. The foundation relies on standard operating procedures.	No participation at any level of strategy formulation.	No external data to be collected or analyzed for strategy formulation.
<i>Haphazard externally-focused strategy formulation process</i>	Relying on the views of one interest group that represent one viewpoint.	Participation occurs at the program designing level only.	Using information at hand and simple analysis techniques.
<i>Comprehensive externally-focused strategy formulation process</i>	Two or more potentially conflicting views are considered at each level of participation.	Participation occurs at the goal setting and program designing levels.	Using systematic data collection tools and analysis techniques.

Potential Relationships between Participatory Practices and Philanthropic Strategy

Data from the exploratory phase suggest a U-shaped relationship between

participatory practices and philanthropic strategy (See Figure 2) such that foundations that have internally-focused frameworks for strategy formulation process experience a “controlled” strategic alignment of employing simple approaches to deal with simple causes. As foundations consider more externally-focused frameworks for approaching their strategy formulation processes, albeit in a somewhat emergent/haphazard way, they tend to have somewhat less strategic alignment because they seem to be in a continuous struggle of pleasing different people at different times. Foundations that use more comprehensive and systematic externally-focused frameworks tend to demonstrate an “advanced” strategic alignment of employing more evolved philanthropic approaches to deal with more complex problems.

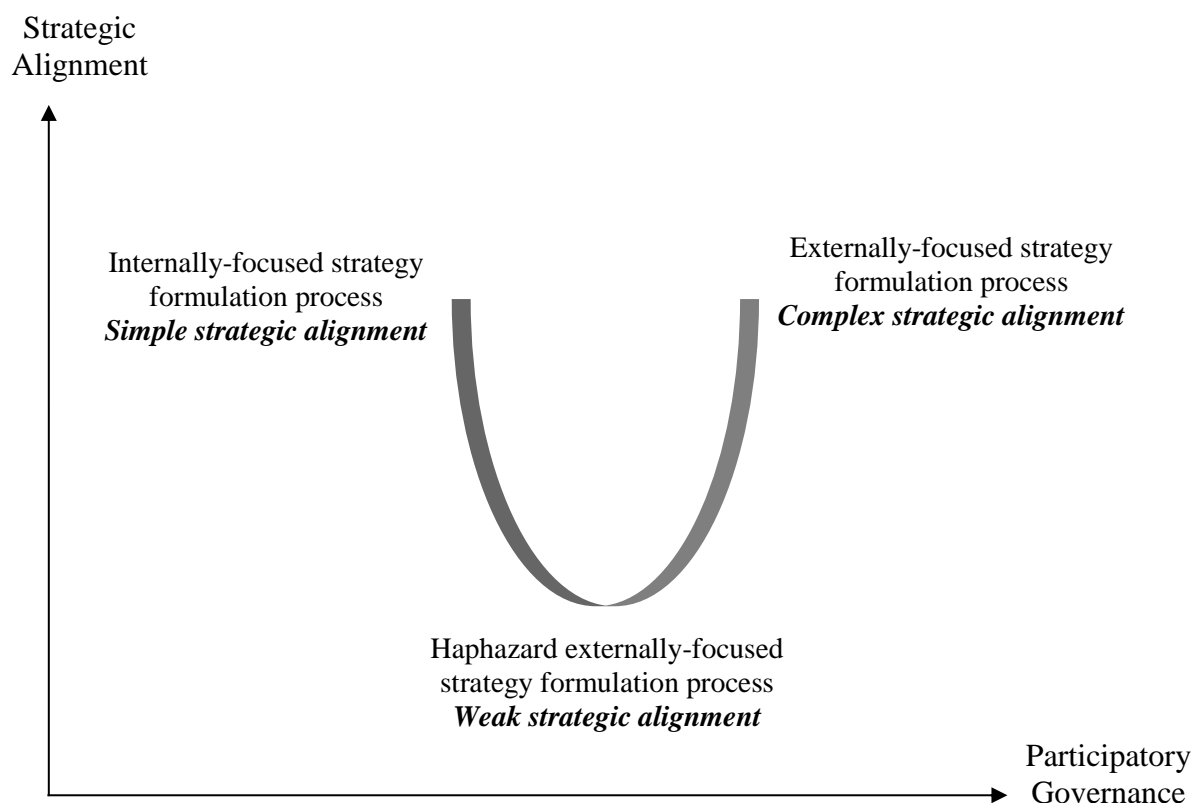


Figure 2. Relationship between Participatory Governance and Strategic Alignment

In the last scenario, it could be argued that more comprehensive, deep, and systematic participatory strategy formulation practices helped foundations realize what authors have been claiming recently, i.e., that most social issues are complex and, thus, require complex philanthropic approaches. However, such association between participatory practices and philanthropic strategy can be explained by other mediating variables such as the foundation's size, or its strong control and stewardship governance. In the cross-sectional phase conducted in Phase 2 of the work being reported here, I controlled for such potentially mediating factors to test the strength and direction of the relationship between participatory practices and philanthropic strategy. Phase 2 results will be presented in the next section.

Examination Phase Findings

All 69 private active foundations in Saudi Arabia were invited to participate in the study through reaching out to their chief executive officer, general director, program director, strategy director, head of board, or communication employees. Fifty-four chose to participate and allowed me to survey the person in the foundation who is in charge of philanthropic strategy and program related decisions and is aware of board processes. Three of the remaining 15 foundations reported being inactive at the time of communication, and 12 foundations did not respond to my request, giving a response rate of 78%.

Descriptive Findings

Given the limited number of studies on Saudi foundations, we know very little about them. Therefore, this section aims to describe Saudi foundations not only from the

perspective of the study constructs but also from the general descriptive perspective that may be beneficial for researchers and practitioners in the field.

Respondents' profile. As table 7 shows, 89% of respondents were male and 11% were female. This gender disparity is understandable as the Saudi nonprofit sector is dominated by conservative segments of the population that tend to push males to be more active in public life. In other sectors, i.e. the public and private sectors, female roles have been changing. More than 34% of Saudi labor force is female. They occupy 37% of the governmental jobs and 32% of private sector jobs, and they own 21% of Saudi companies (General Authority for Statistics, 2018). On the political side, Saudi female participation has also increased; in 2012, 30 Saudi women were nominated to join the Saudi *Shura* Council (a 150-member parliament-like council) (Chamber of Commerce and Industry, 2013). All these changes have caused Saudi females to become active in public life and more likely to hold an important role in the wider social sector.

Participants were highly educated and relatively young. More than half of the respondents (59%) held a postgraduate degree; 37% of the respondents held an undergraduate degree, 2% held a vocational diploma, and 2% had at least completed high school. The largest age group consisted of those aged 41 to 50 years (41%), followed by those aged 51 to 60 years (30%); a total of 24% of the respondents were aged between 31 and 40 years, while 5% were aged between 61 and 70. The largest age group of Saudi foundation executives, i.e., 50 to 64, is younger than the largest age group of US foundation executives (Board Source, 2017). This can be explained by the relatively young population in Saudi Arabia; 80% of the population in the country is younger than 40 years old (General Directorate of Charitable Institutions, 2015).

The study targeted participants at the executive level to participate in the study. Therefore, 85% of respondents were the Chief Executive Directors, General Directors or Secretary Generals at their foundations. In cases of very large foundations (11%), where it is hard to reach out to the executive directors or where strategy tasks are delegated to other personnel in the foundation, strategy directors or program directors were surveyed. In two cases, the head of the board was surveyed because most strategic and program-related decisions were made by them, given the small size of their foundations.

Finally, most respondents (63%) reported being in their current positions for 1-5 years, 28% reported being in their current positions 6-10 years, and 9% only reported being in their current positions 11-20 years. The average number of years spent by respondents in their leadership position (5.5 years) is different than the long-tenured CEO culture in Saudi Arabia. This could be explained by the fact that the majority of participating foundations are young organizations, i.e. they were only officially established as formal organizations 10 years ago or less. The data reported narratively in the above paragraphs is summarized in Table 7.

Table 7.

Demographic Profile of Foundation Executives

Variables	Category	Research sample (n = 54)	
		Frequency	Percentage
Gender	Male	48	89%
	Female	6	11%
Age	31-40 years	13	24%
	41-50 years	22	41%
	51-60 years	16	30%
	61-70 years	3	5%

Variables	Category	Frequency	Percentage
Highest Education Qualification	High School	1	2%
	Vocational Diploma	1	2%
	Undergraduate degree	20	37%
	Masters' degree	20	37%
	Doctorate degree	12	22%
Position	CEO, General Director or Secretary	46	85%
	General		
	Strategy Director or Program Director	6	11%
	Head of Board	2	3%
Years in position	1-5 years	34	63%
	6-10 years	15	28%
	11-20 years	5	9%

Foundations' profile. Given the lack of comprehensive and publicized data on foundations in Saudi Arabia, particularly those not registered under the Ministry of Labor and Social Development, a question on the type of foundation was included in the questionnaire. Results showed that most participating foundations were registered legally as civil foundations under the Ministry of Labor and Social Development (70%). Twenty percent of the foundations were *Waqf* foundations which are registered as non-profit companies under the Ministry of Commerce and Industry, and 9% were royal family foundations that were set up by royal decree as non-governmental organizations and belong to royal family members. One of the civil foundations reported depending entirely on collective funds raised from the public; for this reason, this particular foundation was categorized here as a community foundation.

While most respondents reported that their foundations existed for long time before the legal system for nonprofit organizations was established in Saudi Arabia, and some existed even before the establishment of the Saudi Arabian government, more than half (56%) of participating foundations were officially registered as formal organizations only 10 years ago or less. The main reason for the formal registration, as mentioned by a

number of interviewees, is to be allowed to pursue their charitable activities without asking for legal permission and/or being accused of funding unlawful activities. Figure 3 shows the trend of foundations registration since the establishment of Saudi Arabia in 1932 with estimates of annual philanthropic giving.

Most participating foundations (56%) are headquartered in the capital city, Riyadh, followed by those based in the second largest city, Jeddah (24%), 13% of the foundations are based in Dammam and 7% are based in other cities including Al-Madina, Al-Mubarraz, Unaizah, and Al Bukayriyah. With regard to the geographical scope of philanthropic work, 52% of participating foundations reported working nationwide, 24% reported working within a specific province or governorate, 9 % reported working within a city, and 15% reported working internationally. Table 8 presents general profile of participating foundations.

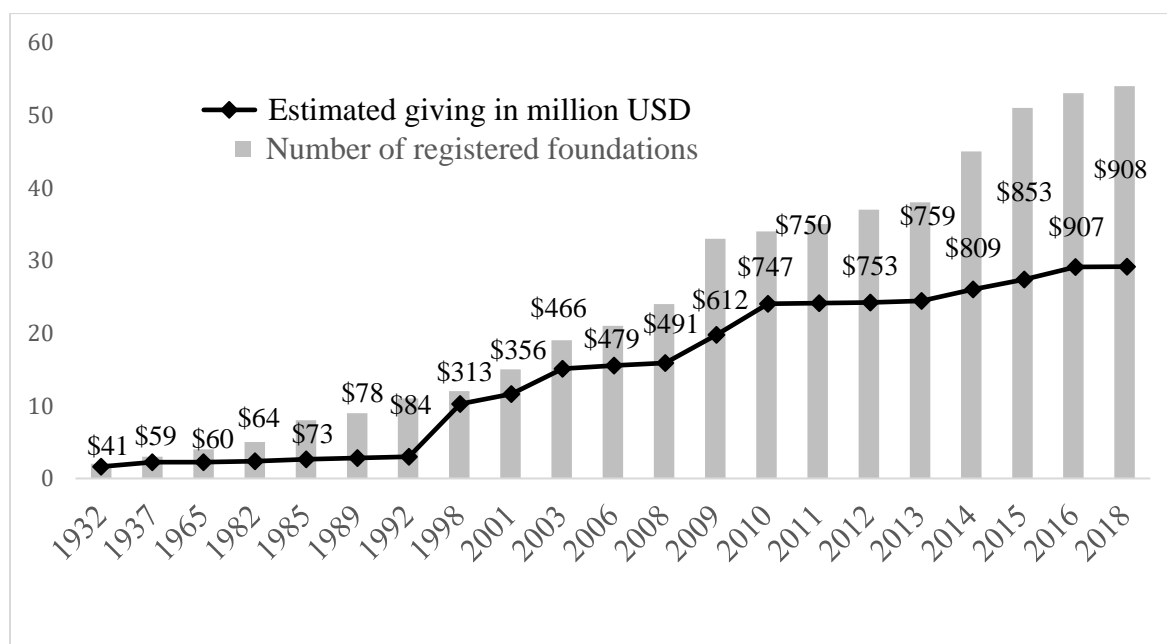


Figure 3. Growth Rate of the Saudi Registered Foundations and their Estimated Accumulated Annual Giving.

Table 8.

General Profile of Participating Foundations

Variables	Category	Research sample (n = 54)		2018 Expenditure (total = USD 908 M)	
		Frequency	Percentage	Average	Percent
Type	Civil Foundation	38	70%	450 M	50%
	Waqf Foundation	10	19%	402 M	6%
	Royal Foundation	5	9%	54 M	44%
	Community	1	2%	810 K	01%
	Foundation				
Org_age	1-10 years	30	56%	417 M	46%
	11-20 years	12	22%	177 M	20%
	21-30 years	4	7%	241 M	27%
	31 years or older	8	15%	73 M	8%
Head office	Riyadh	30	56%	629 M	68%
	Jeddah	13	24%	152 M	17%
	Dammam	7	13%	45 M	5%
	Other	4	7%	81 M	9%
Geographic area of work	City	5	9%	155 M	17%
	Governorate	3	6%	72 M	8%
	Province	10	18%	57 M	6%
	National	28	52%	264 M	29%
	Muslim/Arab communities	3	6%	26 M	3%
	Global	5	9%	335 M	37%
Source of income	Endowment	39	72%	539 M	59%
	Internal donations	21	39%	152 M	17%
	Corporate profits	12	22%	185 M	20%
	Zakat	8	15%	38 M	4%
	External donations	7	13%	262 M	28%
	Government funds	1	2%	51 M	5%

Of all the data gathered, the most difficult to collect was financial data given how Islamic and Arabic traditions value discretion in giving charity. With a lot of trust-building communication and assurance that the information will be reported only at the aggregate level, basic financial information was collected. As demonstrated in Table 9, on average participating foundations spent 17 million US Dollar, with minimum

foundation spending of about 81 thousand US Dollar and maximum foundation spending of 230 million US Dollar during the last fiscal year. Respondents reported various forms of income streams, including endowments (72%), internal donations (39%), i.e. donations from board members or/and related family members, profits of the associated corporation (22%), donations and contributions from outside the foundation (13%), and government funds to be channeled to beneficiaries through foundations (2%). Fifteen percent of participating foundations indicated collecting zakat money from a founding family or an associated company. On average, foundation endowment size is estimated to be 837 million US Dollar with the smallest endowment values at about 266 thousand US Dollar and the largest endowment values at about 16 billion US Dollar.

On average, 15% of participating foundations' total expenditures were allocated to operating expenses while the remaining 85% was directed towards grants and programs. One foundation director reported that the foundation he represented calculated operating costs as part of the endowment operation cost rather than as part of the annual budget, yielding a minimum operation cost of 0% (followed by 1-3% for foundations that with had few employees and that are operating almost entirely as grant-makers). The maximum operating cost reported was 45%. The average number of full-time employees in participating foundations was 15 (with a minimum of 1 and a maximum of 83) and the average number of board of trustees or board of directors' members was 8 (with a minimum of 3 and a maximum of 21). Table 9 summarizes the financial and human resources descriptive statistics.

Table 9.

Financial and Human Resources' Profile of Participating Foundations

Variables	Mean	Median	SD	Min	Max
Last year's total expenditure (USD)	16,819,595	5,400,000	37,145,350	81,000	229,500,000
Operation cost (as a percentage of last year's total expenditure)	15%	13%	10%	0%	45%
Estimated endowment size (USD)	836,692,043	53,333,332	3,391,748,893	266,666	15,999,999,600
Number of employees	15	9	16	1	83
Number of board members	8	7	4	3	21

Participating foundations showed flexibility in determining the what, where, who, and how of their philanthropic activities. As Table 10 demonstrates, they are actively working in nearly every issue area, from the provision of basic needs to vocational training to the promotion of public health to women empowerment. Of last years' total foundation expenditures (908 million US Dollar), 42% was allocated to education sub-fields, including youth development (48%), school and/or university education (47%), vocational training and/or microfinance (43%), gifted/talented education (26%), early childhood education (17%), and literacy (6%). Seventeen percent of the expenditures was allocated to human services sub-fields, including provision of basic needs for the poor and needy (56%), orphan care (47%), family development (38%), women support

and empowerment (35%), special needs care (28%), prisoners and their families care (28%), elderly care (26%), and employment (15%). Fifteen percent of the expenditures was allocated to religion sub-fields, including mosque development (56%), promotion of Islamic values and practices (52%), and Quran education (35%). Twelve percent of the expenditures was allocated to health sub-fields, including specialized healthcare (44%), primary healthcare (31%), and preventative healthcare and public health promotion (26%). Nine percent of the expenditures was allocated to social sector development sub-fields, including nonprofit capacity building (37%), civic engagement and volunteerism (21%), and social entrepreneurship and impact investing (20%). The remaining 5% was given to arts and culture, economic development, environment, water and food security causes.

Table 10.

Foundations Area of Work as Fields and Sub-fields

Fields	% of Foundations	Fields	% of Foundations
Education <i>Total giving = 375 M USD (42%)</i>		Social Sector Development <i>Total giving = 78 M USD (9%)</i>	
youth development	48%	nonprofit capacity building	37%
school and/or university education	47%	civic engagement & volunteerism	21%
vocational training and/or microfinance	43%	social entrepreneurship & impact investing	20%
gifted/talented education	26%		
early childhood education	17%		
special needs education	11%	Art & Culture <i>Total giving = 27 M USD (3%)</i>	
literacy	6%	heritage, language & history	9%
		arts promotion	7%
Human Services <i>Total giving = 156 M USD (17%)</i>		sports	7%
provision of basic needs	56%		

Fields	% of Foundations	Fields	% of Foundations
orphan care	47%		
family development	38%		
women support & empowerment	35%		
special needs care	28%		
prisoners & their families care	28%		
elderly care	26%		
employment	15%		
Religion		Economic Development	
<i>Total giving = 135 M USD (15%)</i>		<i>Total giving = 9 M USD (1%)</i>	
mosque development	56%	innovation & entrepreneurship	17%
promotion of Islamic values and practices	52%	attracting investments	4%
Qur'an education	35%		
Health		Environment, Water & Agriculture	
<i>Total giving = 109 M USD (12%)</i>		<i>Total giving = 8.5 M USD (1%)</i>	
specialized healthcare	44%	preservation of natural resources	2%
primary healthcare	31%	food and water security	2%
preventative healthcare and public health promotion	26%	organic farming	4%
		Total giving to all fields = \$908,258,108	

Foundations' philanthropic strategy and governance practices. The preceding section has reported the demographic characteristics of the survey respondents and participating foundations. This section describes the items that are related to the study's main constructs: philanthropic strategy and governance practices. All of the constructs were measured by asking the respondents' questions in the form of 6-point Likert scale. Respondents were asked to indicate their degree of agreement with statements on a scale, ranging from 1: "disagree" to 6: "strongly agree". Three items,

i.e., those that asked about cause predictability, ecosystem readiness, and knowledge existence, were inverted because they were negatively stated.

Philanthropic strategy. Data suggest that some foundations in Saudi Arabia are taking concrete steps toward the adoption of the more evolved philanthropic strategy (52% average score), i.e., they are working on high risk projects that do not show quick results such as vocational training for the poor, working on multiple levels of change including individuals, organizations and policies, and engaging deeply in projects by providing connections, assisting with planning, and following up (compared to providing monitory grants only) to deal with the increasingly complex, unpredictable and with-fragile-ecosystem social problems. Other foundations are working on refining the old methods embedded in the Saudi vibrant religious and cultural traditions to be able to take advantages of strategy-oriented best practices. Two participants mentioned that his foundation has a 5-year plan to increase funding for empowering projects by 10% each year compared to more direct giving to the needy.

Governance Practices. Participating foundations showed higher compliance with control (70% average score) (i.e. CEO oversight, mission compliance, performance evaluation, and legal and financial integrity) and stewardship governance practices (67% average score) (i.e. the involvement of the board in strategic planning, financial and human resource development and managerial guidance) than with participatory governance (56% average score) (i.e. the diversity of stakeholders participating in strategic decisions, the depth of participation in decision making levels, and the usage of rigor participation tools). This finding was expected given the heavy emphasis of “best

practice” guides and measures of the control and stewardship sides of governance compared to the participatory side of governance.

I was, however, surprised to see the prevalence of participatory practices among what the literature describes as “black boxes”. The face to face surveys gave me the opportunity to discuss potential factors for adopting participatory practices with foundation leaders. Among the most apparent factors was the need for responsibility distribution. Because charitable money is considered sacred in Islamic culture, and with relatively limited board involvement, foundation leaders find themselves needing to make hard decisions. To lessen their responsibility, they try to share it with others who can be involved in the decision-making processes. Other factors for adopting participatory practices that were discussed during the interviews include the essentiality of *shura*, the Arabic word for “consultation,” in Arabic and Islamic cultures. Consultation with those who will be affected by decisions is considered a praiseworthy activity. The holy Qur’an praises “those who respond to their Lord, and pray regularly, and conduct their affairs by mutual consultation, and give of what we have given them” (Quran, 42: 38). Also included among the participatory practices’ adoption factors identified during data collection was the importance of gaining buy-in from both community partners and service users. Table 11 provide descriptive statistics on foundations’ philanthropic strategy and governance practices.

Table 11.

Foundations’ Philanthropic Strategy and Governance Practices Descriptive Statistics

Variables	Mean	SD	p5	p25	p50	p75	p95
1. Philanthropic strategy	34.1	13.4	17	23	32	47	56
1.1 Cause complexity	13	5	5	9	13	18	20
<i>Predictability</i>	2.9	1.3	1	2	3	4	5
<i>Factors</i>	4.2	1.4	2	3	4	5	6

Variables	Mean	SD	p5	p25	p50	p75	p95
<i>Ecosystem</i>	3.2	1.6	1	2	3	5	6
<i>Knowledge</i>	2.7	1.5	1	2	2	4	5
1.2 Approach complexity	21.1	9.3	10	13	19	29	37
<i>Risk level</i>	3.5	1.6	2	2	3	5	6
<i>Intervention level</i>	7.6	4.3	3	4	6	11	16
<i>Resources breadth</i>	10	4.4	3	6	9	14	18
2. Governance	133	35	71	113	132	154	197
2.1 Control	46.4	13.4	18	40	49.5	56	64
<i>CEO oversight</i>	10.9	4.3	3	8	11.5	15	18
<i>Mission compliance</i>	9.2	3	2	8	10	12	12
<i>Performance evaluation</i>	11.4	4.7	3	8	12	16	18
<i>Legal & financial integrity</i>	14.8	3.6	6	14	16	18	18
2.2 Stewardship	32	9.7	14	24	32	40	45
<i>Planning</i>	13	4	6	11	14	16	18
<i>Resource development</i>	7.9	2.7	3	6	8	10	12
<i>Managerial guidance</i>	11	4.5	3	8	12	15	17
2.3 Participatory governance	54.4	24.5	22	31	49	83	93
<i>Diversity</i>	26.4	13.3	9	14	22	40	48
<i>Rigor</i>	19	9.9	7	11	16	31	35
<i>Depth</i>	9	2.4	4	8	9	11	12

Challenges. Foundation leaders pointed to several barriers that they believe hinder their foundations from pursuing their missions. The most tangible challenge is the one erected by having limited financial, human, and technological resources. Other identified challenges included the lack of strategy in terms of impact selection, specialization, and collaboration, as well as boards' involvement in strategic roles. Many foundations lack the know-how to conduct needs assessments or impact evaluations. Data that I collected through the survey process also included complaints about the foundation's implementing partners in terms of capacity, credibility, and communication difficulties. Systemic challenges included government's stability, policy updates, bureaucracy, and restrictions. Some respondents voiced concerns that how society perceives philanthropy was limiting their development options. Few participants mentioned the need to prototype and scale successful experiences. These challenges,

however, create great opportunities for activists, researchers, consultants, practitioners and policy makers who have genuine intention in empowering the social sector in Saudi Arabia. The information about the challenges faced by foundations in Saudi Arabia that has been discussed in this section is summarized in Figure 4 below.

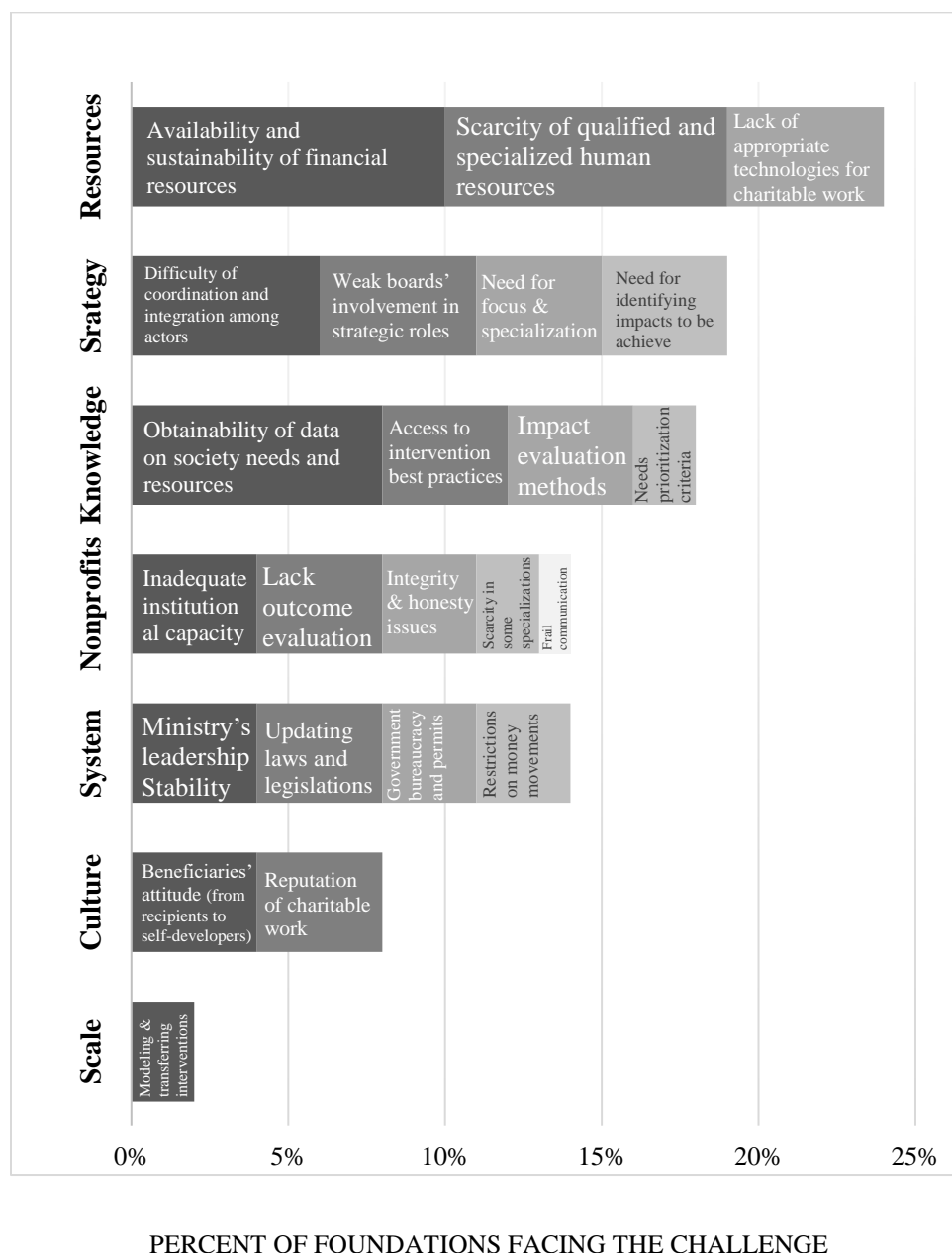


Figure 4. Responses When Asked “In your point of view, what are the three biggest issues facing your foundation in order to pursue its mission?”

Bivariate Analysis

To provide an initial assessment of the strength and direction of the relationship between governance practices and philanthropic strategy, Pearson correlations were performed (See table 12.). The relationship between participatory governance and philanthropic strategy is significant ($p=0.00$) with high positive r of 0.89. Correlation of that magnitude is rare in social science. Therefore, further investigation of the relationships between the subdimensions of participatory governance and philanthropic strategy was conducted. Investigation of their subdimensions reveals multiple high correlations, where r is greater than 0.75. The rigor of stakeholders' participation is strongly associated with all three dimensions of the philanthropic approach (risk level, intervention level, and resource breadth). The rigor of stakeholders' participation is also strongly associated with the predictability dimension of the cause. The diversity of stakeholders' participation is strongly associated both the risk level and resource breadth dimensions of the philanthropic approach. Analysis results suggest that the high association between participatory governance and philanthropic strategy is not due to measurement issues because the highest associations were between very distinct concepts.

There is also a significant ($p=0.00$) positive ($r=0.87$) association between control and stewardship governance practices. It was indeed noted through the interviews that involved boards in any of the commonly known governance practices, i.e. control or stewardship practices, are often involved in both control and stewardship sides of governance. Further investigation of their subdimensions reveals two high correlations,

where r is greater than 0.75. They are 1) between the provision of managerial guidance and CEO oversight, and 2) between strategic planning and performance evaluation.

Table 12.

Pearson Correlation of Study Variables

		1	2	3	4	5	6	7
1	Philanthropic strategy	1.00						
2	Control governance	-0.01	1.00					
3	Stewardship governance	-0.15	0.87**	1.00				
4	ControlSteward governance	-0.11	0.98**	0.96**	1.00			
5	Participatory governance	0.89**	0.13	-0.00	0.08	1.00		
6	Organization age	-0.02	-0.05	-0.16	-0.10	0.11	1.00	
7	Size (Expenditure)	0.10	-0.17	-0.18	-0.19	-0.00	0.02	1.00

Significance level: * $p < 0.05$; ** $p < 0.01$

A negative not-statistically-significant correlation between control governance and philanthropic strategy as well as between stewardship governance and philanthropic strategy was noted. This may support the argument that controlling and involved boards may push foundations to focus on working with simple issues using simple low risk approaches to be able to report results to the governing board. Another explanation would be that foundation directors with limited board involvement feel pressured to make major decisions on their own so they resort to sharing the responsivity with as many stakeholders as they can which would then lead to more evolved strategies. Figure 5 graphically shows the strong positive correlation between participatory practices and philanthropic strategy, and the more random relationships between control governance

and philanthropic strategy, and between stewardship governance and philanthropic strategy.

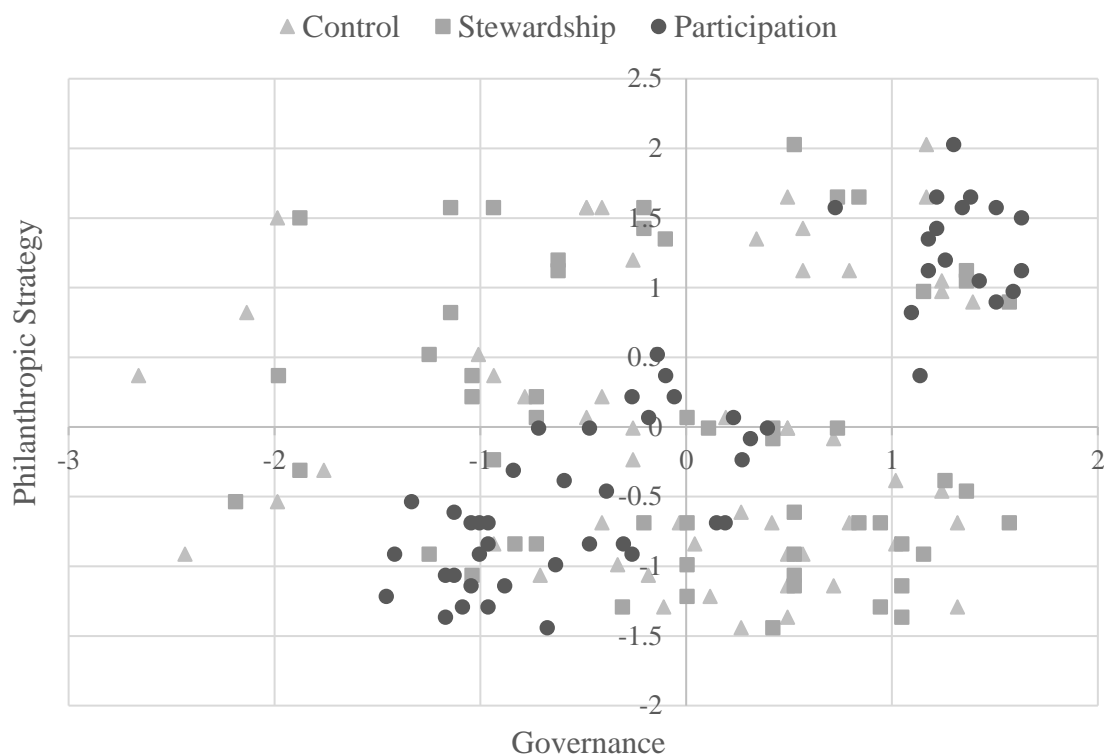


Figure 5. Scatterplot of Standardized Philanthropic Strategy and Governance Practices Scores

Multiple Regression Analysis

The multiple regression analytic sample included all 54 foundations (Table 13). After adjusting for the main governance practices (model 1), I find that participatory practices measure is significantly ($p=0.00$) associated with higher philanthropic strategy scores. On average, the philanthropic strategy score is predicted to increase by 0.49 points when the index of participatory governance practices increases by one point. Further investigation of the impact of participatory practices' different dimensions revealed a significant ($p < .05$) correlation between the diversity (Coef.= 0.88), depth

(Coef.=3.15), and rigor (Coef.=1.23) of participatory practices and philanthropic strategy such that foundations that engage in more comprehensive, deep, and systematic stakeholders' participation practices have more developed, i.e. high risk, multi-level, and resourceful, philanthropic strategies.

Table 13.

Coefficients for Models of the Determinants of Philanthropic Strategy; N = 54

Variable	Model 1	Model 2	Model 3	Model 4	Model 5	Model 6
Participatory governance	0.49** (0.03)	0.49** (0.04)	0.37** (0.12)	0.43** (0.10)	0.50** (0.31)	0.39** (0.12)
Control governance	-0.03 (0.13)	-0.07 (0.13)	-0.36** (0.13)			
Stewardship governance	-0.19 (0.17)	-0.32 (0.18)		-0.35* (0.18)		
Organization age		-0.08** (0.04)	-0.07* (0.04)	-0.08* (0.04)	-0.07* (0.04)	-0.07* (0.04)
Participation#Control			0.003 (0.002)			
Participation#Steward				0.002 (0.003)		
ControlSteward					-0.09** (0.03)	-0.17** (0.08)
Participation#ControlSteward						0.004 (0.002)
Constant	14.9 (3.14)	15.6 (3.20)	21.4 (6.20)	19.4 (6.1)	15.0 (3.2)	21.1 (6.3)
R²	0.83	0.84	0.84	0.84	0.85	0.85

Note: Standard errors are reported in parentheses.

* $p < .1$. ** $p < .05$.

While control and stewardship governance practices individually are not significantly associated with philanthropic strategy scores (see model 1), the combined variable of control and stewardship practices showed to be a significant predictor of philanthropic strategy (see model 5). On average, the philanthropic strategy score is predicted to decrease by 0.09 points when the index of control and stewardship governance practices increases by one point. Both control and stewardship governance measures have negative coefficients supporting the view that board's involvement in control and stewardship practices has a negative influence on philanthropic strategy.

The addition of organization age in model 2 is significant ($p=0.04$). Perhaps, given their flexibility, younger organizations are associated with the adoption of more risky philanthropic approaches. After including organization age as a covariate, the coefficients of control and stewardship governance changed slightly, but their association with philanthropic strategy remained not statistically significant. The addition of organization age does not introduce a change in the participatory governance's coefficient. Participatory practices' coefficient remains at 0.49 and significant. This suggests that stakeholders' participation is significantly associated with more evolved philanthropic strategy regardless of organizational age. Stakeholders' participation is important for small as well as large organizations.

Findings from Model 3-6 indicate that the interaction effects of common governance (control and stewardship) and participatory governance practices are positive but not statistically significant. Interaction outputs suggest that participatory governance practices with higher levels of control and stewardship governance practices are more positively associated with philanthropic strategy than participatory governance practices

with lower levels of control and stewardship governance practices (See Figure 6). This suggests that the existence of high levels of control and stewardship governance practices increases the benefits of stakeholders' participation in terms of strategy development. The addition of the interaction term "participation*controlsteward" in model 6 was significant (testparm p-value = 0.00).

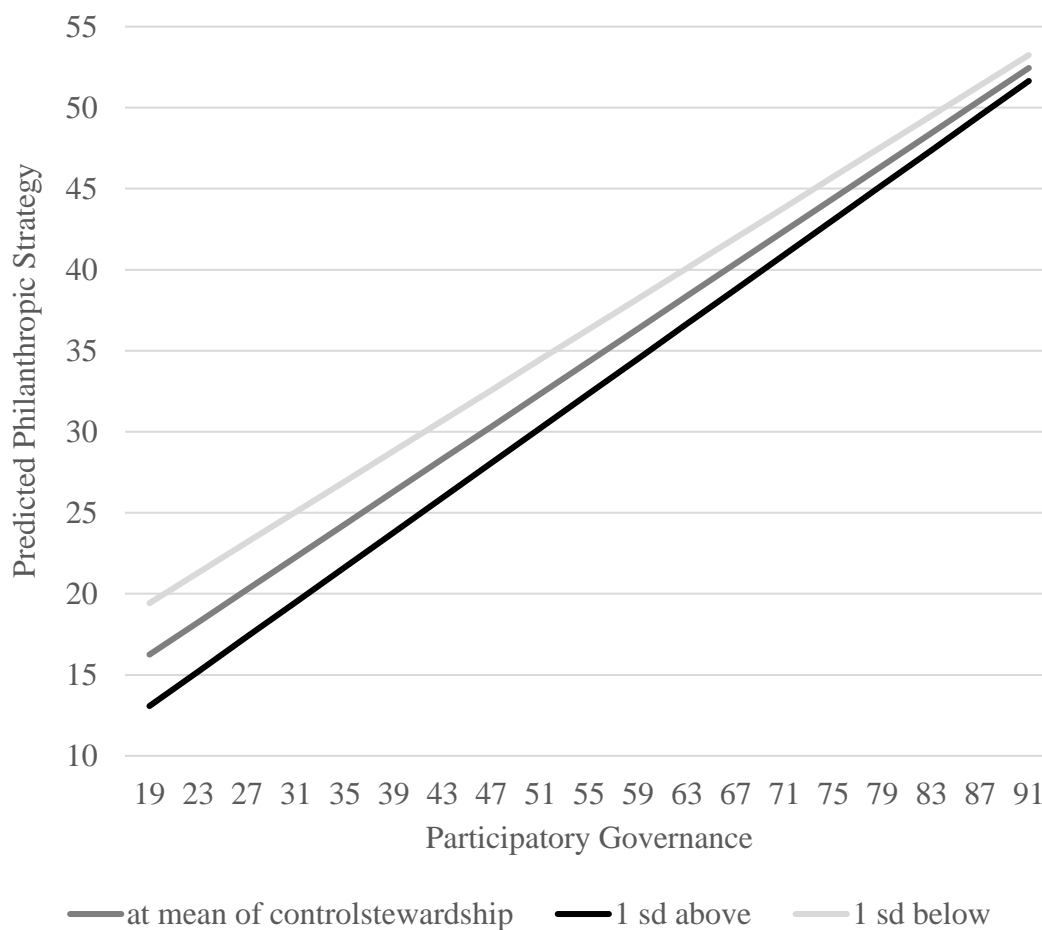


Figure 6. Estimate of Interaction effect of Different Governance Practices on Philanthropic Strategy at Different Controlsteward levels (at mean of organization age)

Explanation Phase Findings

In an effort to provide useful implications for practice, the third-phase case study was developed to describe how a participatory strategy formulation process may look like in the real world of foundation practice. The case study also aimed to provide insights about the explanatory factors through which participatory practices may inform strategy. Such insights are needed to draw the semi-causal links between participatory governance and philanthropic strategy, overcoming the possible threat to internal validity coming from the cross-sectional examination phase.

About the Case

Founded in the late 20th century, Foundation A today is one of the top ten largest foundations in Saudi Arabia, working in various philanthropic fields including education, health, human services, and religion. In its efforts to maximize the effectiveness and efficiency of its grants, it has been conducting community needs assessment studies in several regions in Saudi Arabia to identify needed development work and grant priorities for local communities in different regions. One of the geographical areas the foundation is interested to work in is City X.

City X is a small peripheral city in Saudi Arabia located close to the borders with a population of about 150,000. Most of its inhabitants currently live in modest houses provided with water and electrical facilities, although a few nomadic people still live in tents in the desert. It has key facilities, including primary and secondary schools, vocational colleges, a university, hospitals and health centers, and an airport. Wells are its main source of drinking water. It is known for its fertile pasture lands with many inhabitants working in sheep and camel herding.

Participatory Strategy Formulation Process

The idea that foundations should conduct community needs assessment to inform their grantmaking approaches is not new in the Saudi context. The initial exploratory phase of this three-phase research project revealed that there is substantial awareness among foundation leaders of the importance of studying community needs to identify appropriate interventions. However, there is a lack of clarity in the methodologies that should or could be used to study community needs. Consultants who have launched into this strategy formulation project soon realized that the task of identifying community needs is far from straight forward. For example, should the organization examine needs from the point of view of service providers or from the point of view of public officials or from the point of view of academic experts or from the point of view of beneficiaries?

In theory, there are four different conceptions of needs: normative, relative, perceived, and expressed (Bradshaw, 1974). Experts and specialists often talk about needs from the normative and relative perspectives which define needs according to a specific criterion (e.g., the number of hospital beds required per 1000 inhabitants) and compared to local or global ratios. Public groups, on the other hand, perceive and express needs differently. They often focus on the more apparent and tangible needs (e.g., the need to provide specific health services). These concepts are different but complementary to each other in describing needs. Therefore, the project team which I was a part of while engaging in participant observation to construct the case study being discussed here decided to engage all these concepts of needs to form a wise perception of community needs.

There are also various criteria used globally to prioritize societal causes

systematically (Center for Community Health and Development at the University of Kansas, n.d.). There is the prevalence of the problem, represented by the number of people affected by it. There is the depth of the problem, represented by the number of other problems affected by it. There is the urgency of the problem, represented by the amount of time available to solve the problem. There is the risk involved if the problem is not addressed. There are also dimensions related to the capacities and resources available to meet each need; this conception of needs is particularly emphasized in the asset based community development literature (Kretzmann & McKnight, 1993). All of these dimensions are different but complementary to each other in describing societal causes. Therefore, the project team decided to consider all these prioritization dimensions whenever relevant to form a wise perception of societal needs.

Moreover, there are several dimensions for understanding the root-causes of social problems (Jacobs, Bigdeli, Annear, & Van Damme, 2012). The problem could be caused by demand issues, including the lack of awareness or incorrect perceptions among community members. The problem also could be caused by an availability issue, including lack of services, lack of accessibility to service such as transportation, or the high cost of services. The problem could be caused by the lack of service quality that is not making progress in the issues. The problem could be caused by the limited capacity of community members, including the lack of knowledge, skills or financial capacity. The project team decided to consider all these causal dimensions whenever relevant to form a wise perception of societal needs.

To accommodate the ambitious dimensions laid out in the project's strategy formulation plan, the project team employed an explanatory sequential mixed-methods

design. An explanatory sequential mixed-method design begins by collecting qualitative data and then uses quantitative methods to assess the generalizability and reliability of qualitative findings. In this case, a range of strategies was used to collect qualitative data from a variety of different groups, and the data generated by using these strategies were then used to create a survey instrument distributed to a representative sample of the population in the city.

Community needs exploration process began with generally framing development fields and subfields based on UN-SDG and Saudi Vision2030 goals, and reviewing existing statistics, assessment instruments, and benchmarks on each development fields and sub-fields. A lot of related information about the region had been collected from public sources: General Authority of Statistics, Ministry of Health, Ministry of Education, local health and education administrations, Ministry of Labor and Social Development. Academic and International organizations' databases were searched for published studies and reports to better understand development fields.

Following the desk research, the exploratory qualitative phase started. Several in-depth individual and focus group interviews were conducted for each field, with academic experts, public officials, practitioners, and society groups that differed in gender, age, and social status. Experts, officials, and practitioners' focus groups and community members' focus groups were conducted separately to limit the influence of one segment of the population on the other. In-depth interviews were conducted with key individuals who wouldn't make it to the focus groups, such as old tribe leaders or high ranked public officials. Qualitative data resulting from the interviews and focus groups were analyzed to develop preliminary hypotheses for each field's development priorities.

Although there were more similarities than differences in stakeholders' perspectives of community needs, the qualitative data showed some variations. For example, community groups saw that improving the quality of health services should be one of the priorities of health development, while some health officials stated that most health institutions have passed a quality certificate and, thus, the quality of healthcare is not a priority. The reason for the discrepancy may be that the general public is actually experiencing the services and the suffering associated with services that are less than optimal, despite the certification process health institutions undergo. In another example, health experts voted for preventive health sub-field to be the top priority for health field development, while community groups expressed satisfaction with preventive awareness efforts and community awareness of preventive practices. The difference here may be due to the greater ability of health experts to think about the underlying causes of prevalent health symptoms. In order to address the variability of identified needs and to verify more accurately the hypotheses developed from the collected qualitative data, a public survey was conducted containing precise questions and valid measures. For example, in the preventative health sub-field, the perceived physical activity level was measured and compared to the adequate physical activity level according to international guidelines.

To explore and analyze existing services and capacities in the city, a combination of desk research and field visits were conducted. Specifically, desk research using Google search engine and other online platforms (e.g., makeen.mlsd.gov.sa) was conducted to allocate programs and organizations working in development sub-fields across the city. Accordingly, field visits were planned and executed to gather any

missing data on existing interventions' fields of work. The directors of all nonprofit organizations in the city were also interviewed to identify their areas of work, institutional capacities, and human and financial resources.

To prioritize community needs in each development field, four main inputs were considered by the project team: 1- field experts and practitioners' evaluation of the priority of each sub-field, 2- community members' evaluation of the priority of each sub-field, 3- statistics on the prevalence, depth, urgency, and risks of problems, 4- analysis findings of existing organizations and programs in development fields. Prioritizing sub-fields that are specific to certain groups, such as villages' residents (in access to health services sub-field), and females (in women empowerment sub-field) was done differently. In these cases, the evaluation of relevant population (e.g. females or village residents) were counted instead of taking the evaluation of all segments of the population.

In order to clarify this not-always-intuitive needs prioritization process, I provide an illustrative example of studying the need in the *gifted/talented-education* sub-field. The average ranking of experts was 3, i.e. in the eyes of experts, the *gifted/talented-education* sub-field deserves attention and development efforts with a third-level priority after *quality-of-public-schools* and *youth-development* sub-fields. On the other hand, the average ranking of public representative sample was 2, i.e. in the eyes of community members, the *talented-kids-education* sub-field deserves attention and development efforts with a second-level priority after *vocational-training* sub-field. Combining both rankings, 3 plus 2, gives *gifted/talented-education* sub-field the lowest value when compared to the other sub-fields' average-rankings combinations. The lower the value means the higher the priority is. The low percentage of enrollment in the national talent

test (2%) and the qualitative data provided by education officials on the scarcity of programs for gifted kids were crucial to support the conclusion that the *gifted/talented-education* sub-field falls in the high priority category as shown in Figure 8.

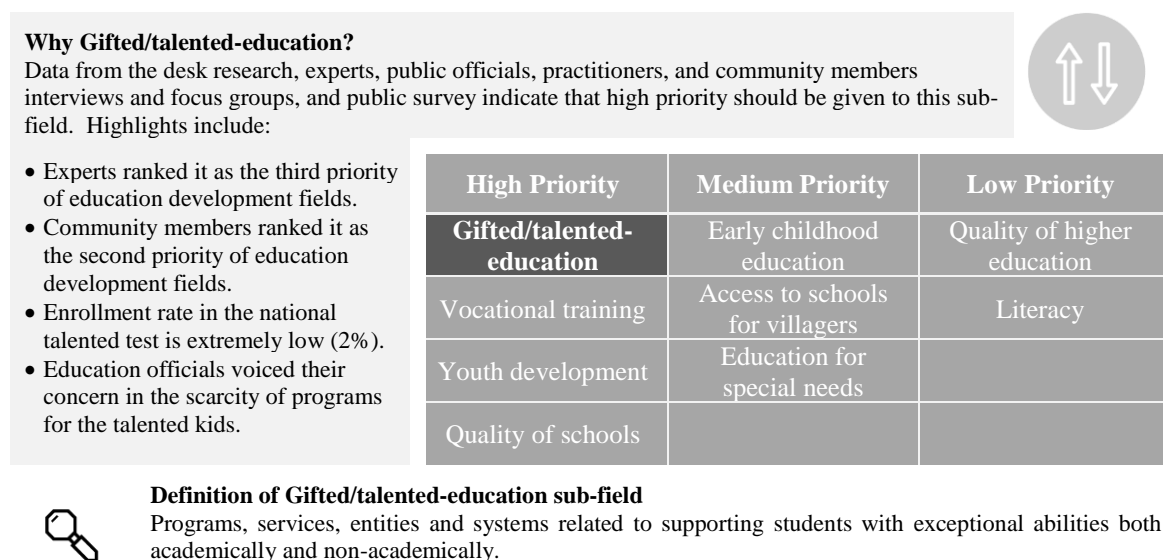


Figure 7. Education Field Priorities.

Findings of this participatory and multidimensional community needs assessment were then used to formulate strategies, i.e. goals and interventions. To accomplish this, several days workshops with stakeholders mixed together (i.e. discussion groups with experts, public officials, practitioners, and community members) were conducted. Workshops started with a detailed presentation of the need's assessment findings with more focus on the high priority sub-fields. Then, participants were asked to use human-centered design mindsets (e.g. embracing ambiguity, optimism, empathy, and creative confidence), as well as tools (e.g. empathy maps, brainstorming rules and co-creation processes (IDEO, n.d.) to draw connections between high priority issues and discuss potential initiatives.

Changes in Philanthropic Strategy

The proposed initiatives that came out of this participatory strategy formulation

process were compared to foundation's previous initiatives stated on their website and annual reports. Previous initiatives were heavily dependent on nonprofit organizations' demand in the region. Nonprofit practitioners, as I noted during the needs' assessment process for City X, carry an implicit assumption that the problems are fully understood, and their solutions are known. Nonprofit leaders normally discussed the problems in terms of solutions requiring more facilities, workers, houses, etc., often describing what they can do to solve the problems if they had sufficient resources. Receiving this kind of report, foundation teams tended to resort to their most comfortable mode of work, "adding resources," i.e. providing nonprofit organizations with the resources they claimed were needed to keep providing the services they had always provided.

The fresh analysis of conditions and problems during this participatory strategy formulation process helped in uncovering new perspectives and approaches. The proposed initiatives were more complex in terms of risk level, intervention level and resources needed to accomplish them, compared to current foundation initiatives. They need more time to show results, require interventions at individuals, organizations and policy levels, and necessitate multiple contributions of time, network and experience. The following section provides detailed examples of these initiatives while explaining the potential explanatory factors for the changes in strategy.

Potential Explanatory Factors for the Changes in Philanthropic Strategy

Documenting and analyzing foundation leaders' reactions during all meetings and workshops, I found several explanatory factors that may explain the significant relationship between participatory practices and philanthropic strategy presented in the examination phase. The explanatory factors can be grouped into four themes: *exposure*

to broader issues/factors, revelation of alternative solutions, reinforcement of trust and commitment, and key players' identification and engagement. Individually and/or collectively they led, in this particular case, to more complex philanthropic strategy, i.e. high risk, multi-level and resourceful approaches. In the following paragraphs, I state case examples for each theme. Many of the examples involve more than one explanatory factor; thus, they fit under more than one theme.

Impact investing in early childhood education. In many phases of the project, an unexpected issue related to the increasing number of working women appeared with high priority. Working mothers voiced their need for early childhood education centers to place their kids in while they work. This need was accredited by both childhood education experts and practitioners. On the other hand, studying unemployment cause in the city revealed many unemployed teachers who had specialized in childhood studies, a popular university major with limited work opportunities. The excitement in the eyes of childhood studies' graduates to experiment with what they studied coupled with the high demand for childhood education presented a perfect mix of supply and demand. In this case, foundation leaders felt comfortable investing in this new market with a long-term plan of transforming the centers into sustainable businesses.

Enhancing teachers' status. In addition to being ranked as a high priority from the public survey, the quality of schooling received heavy criticism during the interviews and workshops. Discussion points included not achieving basic outputs, e.g. children reaching fourth grade without knowing how to read and write, teachers' poor skills and knowledge, teachers' lacking student engagement skills, and the lack of essential teaching aids or tools. After presenting this information in the strategy formulation

workshop, stakeholders collectively continued to discuss the matter until they reached an important conclusion which is that the root-cause of many of the quality problems in schooling is related to teachers' status. One of the elder community members stated, "We need to turn the job pyramid upside down and make teachers at the top of the pyramid for what they do, imparting knowledge upon children in their most impressionable years and educating youth who will become our future leaders." Enhancing teachers' status was a goal that ended up receiving admiration and acceptance and was adopted by the foundation team as a strategy, even though it is an untested solution to the schooling quality issue and requires much of risk-taking and experimentation.

Supporting nonprofits for preventative health. Preventative health is known for receiving little attention from public, nonprofit and private leaders in the country. Yet, after listening to several stories from community members having to shoulder the burdens of traveling to Riyadh or Jordan looking for treatments for their sever illnesses, accompanied by doctors' voices stating that the cause of most health problems in the city is not the lack of proper medical services but poor public health, the foundation team showed a willingness to engage in this new field of work. Doctors' opinion was also supported by the project's desk research findings that documented the prevalence of obesity, high blood pressure, high cholesterol level and diabetes in the city compared to other cities in Saudi Arabia. The foundation team proposed to provide the necessary network and experience to establish a nonprofit entity dedicated to promoting and enhancing public health in the city through increasing public awareness and providing necessary facilities to promote public health.

Combating unemployment. The most pressing issue that all stakeholders agreed on is the need to solve the problem of unemployment in the city. Statistics of the unemployment rate in the city supported stakeholders' views captured in one mosque Imam's statement that "in every house, there is no less than 3-4 without job." Having key stakeholders involved from the beginning in the strategy formulation process made it easier for foundation leaders to engage those stakeholders in a multi-level effort to combat unemployment. The proposed interventions included attracting businesspersons' investments using techniques such as investment matching, enhancing the regulatory framework for supporting local entrepreneurship, and developing networks that would link job searchers with job opportunities, and aligning university majors to market needs. These multi-level approaches would not have been developed without stakeholder input from job seekers, businesspersons, the city's chamber of commerce and industry, and university decisionmakers. Figure 9 graphically demonstrates the logical pathways through which participatory governance may inform philanthropic strategy.

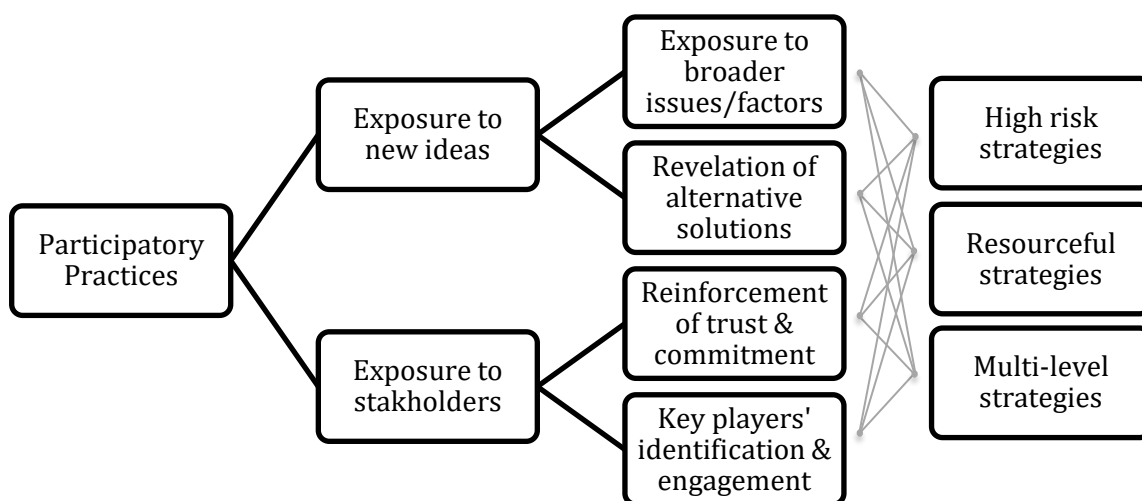


Figure 8. Potential Explanatory Factors

CHAPTER SEVEN

DISCUSSION OF FINDINGS AND CONCLUSIONS

Saudi Arabia's populace and leadership are enduring and resisting the biggest economic challenge the country has witnessed since its formation. In the midst of this movement, the fundamental and persistent contributions of charitable institutions to the well-being of the society have been better revealed and appreciated. Philanthropic spending by the participating charitable foundations amounted to 908 million USD in 2018, with unprecedented growth in the scale, depth and sustainability of their impacts. Government and national commissions' incentivizing policies to develop the country's nascent philanthropic sector may encourage philanthropic foundations to transform from being simple grant-givers to more evolved impact-oriented organizations. However, the underlying insight from the research that has been reported here is that a more developed strategic approach is possible only when foundation leaders adopt certain proactive decision-making processes.

Contribution to the Literature

The purpose of this study was to examine the role that governance practices play in shaping the philanthropic strategy of foundations. Taken together, the results support the view that governance practices are associated with adopting more sophisticated philanthropic approaches (Cornforth, 2003; Green & Griesinger, 1996; Brown, 2005; Engle, 2013; Boesso, Cerbioni, Menini, & Parbonetti, 2017). The evidence reported here should encourage researchers to move beyond attending to the over-studied topics such as "board composition" (Andrés-Alonso, Azofra-Palenzuela, & Romero-Merino, 2010), "CEO characteristics" (Siciliano, 2008) and "organization age" (Graddy & Morgan,

2006) determinants of strategic development to study process factors that are particularly relevant to the public-private nature of family foundations, where control remain within the same family.

This study contributes to the literature by exploring, examining and explaining a specific disregarded (Guo & Musso, 2007) societal-level governance function, stakeholders' participation. Participatory practices variations among Saudi foundations are found to be aligned with Cooper, Bryer and Meet's (2006) participatory decision making dimensions: who, why, and how. The strategy formulation processes' clusters developed from the first phase of this study differ in terms of the extent of potentially conflicting views from external stakeholders considered at each level of the strategy formulation process (who), the depth of participation in the strategy formulation levels that they are engaged in (why), and the extent to which stakeholders' views are considered in a systematic way (how).

In line with strategic planning and behavioral theory arguments, the cross-sectional analysis of Saudi foundations' data suggests a significant association between participatory practices and philanthropic strategy such that foundations that engage in more comprehensive, deep and systematic stakeholders' participation practices, have more evolved, i.e. high risk, multi-level, and resourceful, philanthropic approaches. This finding supports the views that more comprehensive and systematic externally-focused frameworks of decision making will enhance the information quality that foundations' leaders have, helping them better assess the socio-economic and cultural contexts of their causes, thus enhancing their value creation process (Corazza & Maurizio, 2017). Moreover, even if the different viewpoints of stakeholders created an information

conflict, the presence of an information conflict in strategy formulation process will stimulate discussions among organizations' leaders, the consideration of more alternatives, and a more accurate evaluation of the different options, as argued by the behavioral theory of governance (Charreaux, 2005).

The case study developed in this research brought the concept of collective intelligence (Wise, Paton, & Gegenhuber, 2012) to light, more than it did with other concepts of participation, namely accountability and representation. It was apparent that the immediate and practical significance of stakeholders' inclusion is enhancing the quality of strategic decisions. The collective intelligence rational helps make a more compelling argument for the need to study and further develop participatory leadership theory and practice.

To my knowledge, this is the first known study to examine the interaction effect of different governance functions in nonprofit organizations. The negative association between control-and-stewardship governance practices and philanthropic strategy, revealed from the correlation and regression analysis, may encourages researches to approach governance literature more critically whenever they want to borrow its theories and apply them to the nonprofit field. The interaction effect of governance functions supports the view that control and stewardship governance practices are indeed needed to enhance strategy (Sundaramurthy & Lewis, 2003; Kreutzer & Jacobs, 2011) but only if proper stakeholders' participation is there in place. Findings suggest that the existence of high levels of control and stewardship governance practices enhance the positive impact of participatory practices on philanthropic strategy.

Finally, the present study added a great deal of new information to the literature

on foundations in Saudi Arabia. Previous study revealed that the annual philanthropic giving by individuals and institutions in Saudi Arabia accounts for 1.5-2% of the country's GDP (McKinsey & Company, 2009), which is around 12 billion USD. Based on this information and the annual foundation giving estimated in this study (908 million USD), we could say that out of all philanthropic giving in Saudi Arabia, about 8% come from foundations. To put this into comparison, 16% of philanthropic giving is the contribution of foundations in the United States (Giving USA. 2018).

While charitable activities in the country have been known for their limited roles given the “hegemonic power” of the Saudi regime (Salamon, Sokolowski, & Haddock, 2017, p. Kindle Location 2505), consistent with the Gerhart Center's findings (2016), this study revealed the expanding role of Saudi foundations in non-traditional sectors. They showed diverse philanthropic interests in development fields such as youth development and preventative healthcare. The majority of foundation funding is directed toward education and human/social services efforts, corroborating the findings of Gerhart Center (2016) and Pearl Initiative (2018) reports on foundations' areas of activity in the region.

Implications for Policy and Practice

Foundation leaders, consultants to foundations, and policymakers are recognizing the institutional advantages foundations have making them well positioned to deal with the increasingly complex, unpredictable and with-fragile-ecosystem social problems. In an effort to pave the road for such positioning, this study hopes to move the discussion forward on three key practical questions: What type of causes foundations are well positioned to address? What are some appropriate philanthropic strategies to approach

such causes? What are the most critical leadership practices to deal with such causes?
And how to implement these practices properly?

The formal and informal nonprofit sector in Saudi Arabia and around the world is littered with countless visions of an alternative societal situations. On the other hand, best-practice literature provides limited guidance on how to analyze and approach those societal visions. The social change theory synthesis and case examples discussed throughout this manuscript may provide theoretical reference and practical guidance to analyze and approach societal issues from a high-level strategic point of view. Key dimensions, such as cause predictability, factors complexity, ecosystem readiness and availability of knowledge and experience, were discussed throughout this study with concrete examples.

Additionally, the findings on the positive link between participatory governance and philanthropic strategy may promote for the use of participatory forms of leadership if appropriate change strategies were implemented. There is a need to raise foundation leaders' awareness on the significance of participatory practices. One way this can be done is through discussing findings of studies on the advantages of participatory governance, including this study findings, in practice-oriented conferences. Also, foundations employing proper participatory governance may be recognized publicly with an award or the like to play as role models for other foundations.

More importantly, the normative stakeholders' participation evaluative framework envisioned in this study may provide guidance on the how of stakeholders' involvement in strategic planning in ways that are comprehensive and systematic. It brings attention to the diversity, depth and rigor of participation. Workshops with best-practice

influencers, such as consultants and experienced professionals, are needed to design participatory practices implementing guides and assessment toolkits that censoriously take into consideration the critical aspects of participation discussed in this study.

In general, this study aims to move the discussion on nonprofit capacity building in Saudi Arabia from focusing on the managerial topics (e.g., resource development, human and financial resource management, and technology usage) to the strategy topics (e.g., community needs prioritization, issues and root-causes analysis, impacts formulation, and theories of change) which are essential to the core business of nonprofits. Through the infographics and robust statistical analysis adopted to create this manuscript, I hope to have highlighted the opportunities that impact investing could bring by unlocking diverse types of capital that are needed for meeting and exceeding SaudiVision2030's economic and societal goals.

Limitations and Suggestions for Future Research

This study findings must be interpreted in the light of several limitations. Reverse causality is an important consideration for this study. It could be argued that foundations interested in dealing with complex social problems resort to stakeholders to find unconventional solutions. This argument is sensible and has strong supporting theory (Heifetz, 1994). In this study, however, I chose to argue that the vice versa may also hold true. The argument of this study posits that stakeholders' engagement brings with it high levels of awareness and personal development opportunities to foundation leaders directing them toward dealing with the more complex root-causes of social issues. The qualitative case study was designed to partially mitigate the reverse-causality issue by

illustrating how stakeholders' engagement brings attention to complexities in problems and factors.

Regression models in the second phase of this study controlled for key factors; however, it was not possible to control for all potential confounding factors. For example, it is possible that conscious leaders are better at both stakeholders' engagement and designing philanthropic strategy. Jones (2015), for instance, found that philanthropists exhibiting earlier "action logics" (Rooke & Torbert, 2005) tend to focus on the inputs and outputs of the philanthropic work; donors who appeared to be employing middle-level action logics tend to discuss outcomes; and donors who exhibited later action logics focused their discussion on the societal impact of programs. Future studies may control for such personality factors as well as explore the relationship between personality factors and participatory practices, assuming that exposure to stakeholders' different way of thinking would facilitate leaders' own personal development.

Issues with the psychometric properties of data collection instrument used in the second phase should be noted. Given the lack of valid and/or reliable measures of the study key constructs, I constructed this study data collection instruments. Despite all efforts to use theory, existing instruments and exploratory qualitative data to develop this study instruments as well as triangulate the data collected with other sources of information, I recognize that governance practices and philanthropic strategy scores are but snapshots. For example, detailed practices such as CEO evaluation frequency were not included in the control governance practices measure. Instead, the scores served as an approximation of the highly abstract and overly complex constructs of the study. It

was, however, not possible to test the reliability and validity of such approximation given the relatively small sample size of this study.

This study was also limited by issues related to the confidentiality of participating foundations. Some identifier data would have been supportive in making the study case and arguments. For example, strategy development workshops' pictures would have better illustrated the diversity of stakeholders involved and the interaction expressions between them and foundation representatives. However, most foundation leaders of the case study as well as the other phases of the study emphasized their wish to avoid publicity. It was necessary, therefore, to change basic facts such as the foundation's name and its location as well as hide any classifying data.

It goes without saying that the scope of this study is limited to Saudi Arabia, meaning that the study cannot be expected to generate any conclusive, definitive or highly generalizable findings. However, the information generated from the three phases of this research may provide new ways of framing philanthropic strategy, governance practices, and the relationships between them. As Donmoyer (1990) argued, the sample of foundations studied in this research and their particularities may serve as a heuristic function for foundations in other parts of the world.

As with any study, this research offers more questions than answers. Cross-culture comparative studies are needed to enrich our understanding of the exceedingly fluted concepts of this study. By way of illustration, participatory practices are expected to vary across foundations based on the type of social networks exists in their communities. Also, future research may move beyond studying the impact of participatory practices on philanthropic strategy to draw the further link between these

practices with social impact for each dollar a foundation spends. Finally, more qualitative research is needed to explore the potential mediating and moderating factors that could explain the relationship between participatory practices and philanthropic strategy beyond the factors that the single case study developed in this study revealed.

This is an exciting time for civil society, not only in the Arab World, but everywhere. Countries around the world are seeking to encourage the growth of an independent, voluntary not-for-profit organizations to serve as partners with the government and for-profit sectors in achieving the social and economic development goals. Foundations are moving beyond charity activities and are taking roles that neither the government nor the private sector are willing to take. As the roles of foundations have been changing, so too have the needs for their inclusive governance. Drawing on the unique cases of Saudi Arabian foundations, I hope to have shown how participatory governance not only help foundation leaders develop civic skills but also give them tremendous opportunities to realize societal transformations.

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APPENDIX A

Interview Guide

Dimensions	Questions
Value produced through giving	<ul style="list-style-type: none"> • Could you please tell me a little bit about the foundation, its' vision and areas of focus? • How the foundation selected its area/s of focus and developed this vision? • How does the foundation identify public needs, (if 'public needs' was mentioned in answering the previous Q? • How would you evaluate current efforts being made in your area of focus? • Does the foundation have written goals? • If yes, could you give me some examples? • Please walk me through the process of writing these goals?
Logic model supporting giving	<ul style="list-style-type: none"> • What would you say the foundation's primary level of intervention: individuals, organizations, networks, politics, or mixed? • How the foundation designs its interventions, i.e. grants, programs and initiatives, i.e. who is involved, and what type of information is considered?
Vehicle or institution for giving	<ul style="list-style-type: none"> • What is the foundation's structure: grant-making, operating or mix? • Why do you think this structure is preferred? • Please describe for me the board composition (members' culture and backgrounds, and if they are appointed or elected)? • How large is the foundation relatively (how many staff and how much is the annual budget for the philanthropic programs and grants?)
Identity and style of giving	<ul style="list-style-type: none"> • How would you describe the relationship, i.e. engagement level, between the foundation and its grantees? • To what extend recognition and visibility are important to the foundation? • How do the processes of monitoring and evaluation in the foundation look like?
Time frame guiding giving	<ul style="list-style-type: none"> • Does the foundation have a preference in terms of short-term (e.g. feeding the poor) vs. long-term support (e.g. vocational training for the poor) interventions? • Why is that?

Challenges	<ul style="list-style-type: none">• In your opinion, what are the most significant challenges facing the foundation in achieving its goals or making progress in its area of work?
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APPENDIX B

Survey Instrument

Consent Form

I. Purpose of the research study

The study takes an initial step toward examining the relationships between governance practices and philanthropic strategies among foundations in Saudi Arabia with the goal of enhancing the knowledgebase of impact investing best practices.

II. What you will be asked to do

If you decide to participate in this study, you will be asked to fill out a 20-minute questionnaire consisting of questions about your foundation, its decision-making processes, governance practices and the nature of its programs and grants.

III. Foreseeable risks or discomforts

This study involves no more risk than the risks you encounter in daily life.

IV. Benefits

While there is no direct benefit of your participation, the indirect benefit of participating will be helping researchers to advance philanthropy best practices.

V. Confidentiality

Participation is confidential. The data of this survey will be kept private. In any sort of report I make public, I will not include any information that will make it possible to identify you or the foundation. Your answers will be kept in a locked file; only the researcher will have access to it.

VI. Compensation

You will receive no compensation for your participation in the study.

VII. Voluntary Nature of this Research

Participation in this study is entirely voluntary. You do not have to do this, and you can refuse to answer any question or quit at any time.

VII. Decision

Please select one of the following options:

- ☐ I have read and understand this form and consent to participate in this study.
- ☐ I choose not to participate in this research study (**Skip to end of survey**).

General Information

Q1. What is your position in the foundation?

- ☐ Executive Director or its equivalent, please specify _____ (1)
- ☐ Strategic Planning Director or its equivalent, please specify _____ (2)
- ☐ Member of the Board of Trustees/Directors, please specify _____ (3)
- ☐ Program Director of its equivalent, please specify _____ (4)
- ☐ Other (**Skip to end of survey**) (5)

Q2. How many years have you served in this position?

____years ____ months

Q3. How old are you?

____years ____ months

Q4. Gender

- ☐ Male (1) ☐ Female (2)

Q5. What is the highest level of education completed by you?

- ☐ Less than primary school (1) ☐ Primary school (2) ☐ High school (2)
- ☐ Vocational Diploma (3) ☐ Bachelor (4) ☐ Masters (5)
- ☐ Ph.D. (6) ☐ Don't like to answer (6)

Q6. In what year was your foundation formed?

Q7. What is the regulatory form of your foundation?

- ☐ Civil foundation _____ (1)
- ☐ Waqf foundation/company _____ (2)
- ☐ Royal family foundation _____ (3)
- ☐ Other, please specify _____ (4)

Q8. Select the city of the foundation's headquarter?

- ☐ Riyadh _____ (1)
- ☐ Jeddah _____ (2)

☐ Dammam _____ (3)

☐ Other, please specify _____ (4)

Q9. How many full-time employees are there in the foundation?

Please write the number _____

Q10. How many board members are there in the foundation?

Please write the number _____

Field of Work

Q11. Please select the foundation's current area/s of focus.

You may select more than one answer.

☐ Education (includes youth development, school education, higher education, early childhood education, special needs education, vocational training and microfinance, gifted/talented education, literacy, etc.) (1)

☐ Health (includes the provision of primary healthcare services, the provision of specialized healthcare services, preventative health and the promotion of public health, smoking and drugs, etc.) (2)

☐ Human Services (includes orphan care, the provision of basic needs to the poor, family development, elderly care, women support and empowerment, special needs care, employment, etc.) (3)

☐ Social Sector Development (includes nonprofit capacity building, supporting social entrepreneurship, civic engagement and volunteerism, etc.) (4)

☐ Religion (includes mosque building and development, Qur'an education, promotion of Islamic values and practices, etc.) (5)

☐ Arts and Culture (includes traditional crafts, monuments preservation, sports, heritage, language and history, etc.) (6)

☐ Economic Development (includes innovation & entrepreneurship, attracting investments, etc.) (7)

☐ Environment, Water & Agriculture (food and water security, preservation of natural resources, organic farming, etc.) (8)

☐ Other, please specify _____ (9)

Q12. What is the foundation's geographic area of work?

☐ City (1)

- ☐ Governorate (2)
- ☐ Province (3)
- ☐ National (4)
- ☐ Muslim/Arab communities (5)
- ☐ Global (6)

Q13. Please select the foundation's current area/s of focus in education. (If education was selected)

You may select more than one answer.

- ☐ Early childhood education (1) ☐ School education (2) ☐ Higher education (3)
- ☐ Vocational training and/or microfinance (4) ☐ Education for special needs (5)
- ☐ Youth development (6) ☐ Gifted/talented education (7) ☐ Literacy (8)
- ☐ Other, please specify _____ (9)

Q14. How much was spent on education fields as a percentage of last year's annual expenditure for programs and grants?

Please write the percentage _____

Q15. Please select the foundation's current area/s of focus in health. (If health was selected)

You may select more than one answer.

- ☐ Primary healthcare services (1) ☐ Specialized healthcare services (2)
- ☐ Preventative healthcare and public health promotion (3)
- ☐ Other, please specify _____ (4)

Q16. How much was spent on health fields as a percentage of last year's annual expenditure for programs and grants?

Please write the percentage _____

Q17. Please select the foundation's current area/s of focus in human services. (If human services was selected)

You may select more than one answer.

- ☐ Orphan & abundant childcare (1) ☐ Family development (2)
- ☐ Elderly care (3) ☐ Care for people with special needs (4)

- ☐ Poverty alleviate (5) ☐ Care for prisoners and their families (6)
- ☐ Provision of basic needs for the poor (7) ☐ Employment (8)
- ☐ Other, please specify _____ (9)

Q18. How much was spent on human services fields as a percentage of last year's annual expenditure for programs and grants?

Please write the percentage _____

Q19. Please select the foundation's current area/s of focus in social sector development.
(If **economic development** was selected)

You may select more than one answer.

- ☐ Nonprofit capacity building (1) ☐ Social entrepreneurship (2)
- ☐ civic engagement & volunteerism (3)
- ☐ Other, please specify _____ (4)

Q20. How much was spent on social sector development fields as a percentage of last year's annual expenditure for programs and grants?

Please write the percentage _____

Q21. Please select the foundation's current area/s of focus in religion. (If **religion** was selected)

You may select more than one answer.

- ☐ Promoting Islamic values and practices (1)
- ☐ Mosque building and development (2) ☐ Qur'an education (3)
- ☐ Other, please specify _____ (4)

Q22. How much was spent on religion fields as a percentage of last year's annual expenditure for programs and grants?

Please write the percentage _____

Q23. Please select the foundation's current area/s of focus in arts and culture. (If **arts and culture** was selected)

You may select more than one answer.

- ☐ Monuments preservation (1) ☐ Traditional crafts (2)

☐ Heritage, language & history (3) ☐ Sports (4)

☐ Other, please specify _____ (5)

Q24. How much was spent on arts and culture fields as a percentage of last year's annual expenditure for programs and grants?

Please write the percentage _____

Q25. Please select the foundation's current area/s of focus in economic development. (If **economic development** was selected)

You may select more than one answer.

☐ Innovation and entrepreneurship (1) ☐ Attract investments (2)

☐ Other, please specify _____ (3)

Q26. How much was spent on economic development fields as a percentage of last year's annual expenditure for programs and grants?

Please write the percentage _____

Q27. Please select the foundation's current area/s of focus in environment, water & agriculture. (If **environment, water and agriculture** was selected)

You may select more than one answer.

☐ Preservation of natural resources (1) ☐ Food and water security (2)

☐ Organic farming (3) ☐ Other, please specify _____ (3)

Q28. How much was spent on environment, water & agriculture fields as a percentage last year's annual expenditure for programs and grants?

Please write the percentage _____

Q29. Among the foundation's area/s of focus, what is the top funded area?

The top funded area could be general like "education" or specific like "early education."

Please write the area _____

Philanthropic Strategy

To the best of your knowledge, please indicate the extent to which you agree or disagree with the following statements as they describe the foundation's top funded area of focus.

Please note that there are no right or wrong answers. The options below represent different views of social and development fields.

	Strongly Disagree 1	2	3	4	5	Strongly Agree 6	Don't know
Q30. The outcomes that the foundation aims to achieve are clear to me.							
Q31. The foundation's interventions (programs and activities) are clear to me.							
Q32. Relationships between interventions and outcomes are clear to me, i.e. it is possible to <u>predict</u> interventions' outcomes.							
Q33. There are multiple <u>factors</u> affecting the issues in our top funded area of focus.							
Q34. There are <u>strong organizations</u> working in our top funded area of focus.							
Q35. There are strong <u>knowledge and experience</u> about our top funded area of focus.							

Additional Comments:

Please indicate the extent to which you agree or disagree with the following statements as they describe the foundation's philanthropic approaches in the top funded area of focus.

Please note that there are no right or wrong answers. The options below represent different approaches of making good deeds.

	Strongly Disagree 1	2	3	4	5	Strongly Agree 6	Don't know/ Don't apply
Q36. The foundation supports projects that show <u>quick results</u> , e.g., feeding the poor or treating the blinds.							
Q37. The foundation supports projects that <u>does not show quick results</u> , e.g., vocational training for the poor.							
Q38. The foundation balances between supporting projects that show <u>quick results</u> , and those that <u>doesn't show quick results</u> .							
Q39. The foundation works at the <u>individuals' level</u> by providing or supporting programs and services for individuals' development.							
Q40. The foundation works at the <u>civil association's level</u> by, e.g., building their institutional capacities.							
Q41. The foundation works at the <u>private companies' level</u> by, e.g., supporting specific practices toward employees.							
Q42. The foundation works at the <u>policy level</u> by, e.g., engaging in policy studies or advocacy work.							
Q43. The foundation works at the <u>market level</u> by, e.g., guiding investment fields.							

Q44. The foundation works at a <u>mixture of levels</u> : individuals, organizations, policy and markets.							
Q45. The foundation provides <u>monetary contributions</u> only (compared to engaging in designing and guiding the execution of interventions).							
Q46. In addition to the monetary contributions, the foundation engages in <u>designing and guiding the execution of interventions</u> .							
Q47. The foundation engages in designing and guiding the execution of interventions by <u>providing experts</u> in the area of focus.							
Q48. The foundation engages in designing and guiding the execution of interventions by <u>providing relations</u> with key stakeholders in the area of focus.							
Q49. The foundation has clear criteria for selecting the best grantees.							
Additional Comments:							

Governance Practices

Please indicate the extent to which you agree or disagree with the following statements as they relate to the foundation's board members.

	Strongly Agree 1	2	3	4	5	Strongly Disagree 6	Don't know/ Don't apply
Q50. The board has a clear <u>vision</u> of the societal impact that the foundation wants to create.							
Q51. The board sets a detailed <u>strategic plan</u> on how to achieve the vision.							
Q52. The board <u>reviews</u> the strategic plan periodically to deal with new challenges and opportunities.							
Q53. The board sets a clear <u>business model</u> on how to provide the necessary resources for the foundation.							
Q54. The board <u>contributes</u> to ensuring adequate <u>financial resources</u> are in place.							
Q55. The board <u>contributes</u> to ensuring adequate <u>human resources</u> are in place.							
Q56. The board sets clear <u>qualifications</u> required for employees holding key positions.							
Q57. The board sets clear <u>expectations</u> for those holding key positions in the foundation.							
Q58. The board contributes to the <u>professional development</u> of those							

holding key positions in the foundation.							
Q59. The board has <u>clear indicators</u> for evaluating the performance of those holding key positions in the foundation.							
Q60. The board regularly <u>assesses</u> the performance of those holding key positions in the foundation.							
Q61. The board takes the necessary <u>actions</u> when performance standards are not met.							
Q62. The board ensures that the activities of the foundation <u>comply</u> with its mission.							
Q63. The board relies on <u>best practices</u> to ensure that the activities of the foundation are linked to its objectives.							
Q64. The board relies on <u>scientific research</u> to ensure that the activities of the foundation are linked to its objectives.							
Q65. The board sets clear policies that prevent the foundation from engaging in activities (for resource development or otherwise) that <u>conflict</u> with the foundation's mission.							
Q66. The board <u>evaluates</u> the foundation's programmatic outcomes periodically.							
Q67. The board uses <u>systematic methods</u> to assess foundation's programmatic outcomes.							
Q68. The board <u>uses</u> the results of program evaluation to inform the strategic planning processes.							

Q69. The board makes sure that the foundation complies with the relevant governmental <u>laws and regulations</u> .							
Q70. The board sets out precise policies and procedures to protect the foundation from <u>financial risks</u> .							
Q71. The board takes the necessary <u>measures</u> when internal policies are violated.							
Q72. The foundation shares the <u>strategic plan</u> with the public.							
Q73. The foundation shares <u>key financial information</u> (funding sources, expenditures, etc.) with the public.							
Q74. The foundation shares an <u>annual report</u> of the foundation's activities and achievements with the public.							
Q75. There is a good diversity of <u>expertise</u> among the foundation's board members.							
Q76. There is a good <u>cultural</u> diversity among the foundation's board members.							
Q77. There is a good <u>gender</u> diversity (i.e., age & sex) among the foundation's board members.							
Q78. There is a good <u>age</u> diversity among the foundation's board members.							
Additional Comments:							

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Participatory Practices in Goal Setting Processes

Please indicate the extent to which you agree or disagree with the following statements as they relate to the foundation's decision-making processes.

Please note that there are no right or wrong answers. The options below represent different decision-making styles for the philanthropic work.

	Strongly Disagree 1	2	3	4	5	Strongly Agree 6	Don't know/ Don't apply
Q79. The foundation goals reflect the <u>board and/or employees' inclinations</u> .							
Q80. The foundation goals reflect <u>community needs</u> .							
Q81. The foundation relies on the <u>personal experiences and expertise</u> of its board and/or employees to develop an idea about community needs.							
Q82. The foundation studies community needs from the perspectives of <u>experts</u> in the area/s of focus.							
Q83. The foundation studies community needs from the perspectives of <u>practitioners</u> in the area/s of focus.							

Q84. The foundation studies community needs from the perspectives of the <u>beneficiaries</u> .						
Q85. The foundation uses <u>information at hand</u> rather than develop external data on community needs.						
Q86. The foundation relies on <u>desk research/secondary data</u> on community needs.						
Q87. The foundation uses <u>research methods such as qualitative and quantitative methods</u> to study community needs.						
Q88. The foundation uses <u>specific criteria</u> to prioritize community needs						
Q88a. If agree, please give examples:						

Additional Comments:						

Participatory Practices in Programs Designing Processes

Please indicate the extent to which you agree or disagree with the following statements as they relate to the foundation's decision-making processes.

Please note that there are no right or wrong answers. The options below represent different decision-making styles for the philanthropic work.

	Strongly Disagree 1	2	3	4	5	Strongly Agree 6	Don't know/ Don't apply
Q89. The foundation programs reflect the <u>board and/or employees'</u> ideas.							
Q90. The foundation programs reflect <u>stakeholders'</u> ideas.							
Q91. The foundation relies on the <u>personal experiences and expertise</u> of its board and/or employees to design the programs and grants.							
Q92. The foundation works with <u>experts</u> (in the area of focus) to design the programs and grants.							
Q93. The foundation works with the <u>practitioners</u> from the field to design the programs and grants.							
Q94. The foundation works with its <u>beneficiaries</u> to design the programs and grants.							
Q95. The foundation <u>surveys</u> its stakeholders to explore their programs-related ideas.							
Q96. The foundation <u>interviews</u> its stakeholders to explore their programs-related ideas.							
Q97. The foundation conduct <u>focus groups</u> to engage its stakeholders in designing programs.							

Additional Comments:

Financial Information

I would like to remind you that the information you share here is highly confidential and will only be shared at the aggregate level.

Q98. How much did the foundation spend last year?

Please write the amount in SAR _____

Q99. Please select the foundation's sources of fund?

You may select more than one answer.

☐ Endowment/s (1) ☐ Zakat (2)

☐ Private money from founder/s or their families (3)

☐ External donations or gifts (4) ☐ Profits from associated company (5)

☐ Other, please specify _____ (6)

Q100. What is the estimate value of the endowment/s?

Please write the estimated value in SAR _____

Q101. What is the foundation's operation cost as a percentage of last year's total expenditure?

Please write the percentage _____

Q102. In your point of view, what are the three biggest issues facing your foundation in order to pursue its mission?

Please write the main challenges _____

Conclusion

Q103. Is there anything else you would like to tell us?

Thank you for taking the time to complete this survey. If you like a copy of the study findings, please provide an email where it can be sent. _____

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