

Finding the right balance

How foundations can respond to recent calls for legitimacy and yet adhere to proven principles

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The claim for more legitimacy is a serious issue which foundations must not take lightly. However, the question of legitimacy must be treated in relation to a foundation's primary task, which is the furthering of innovation and reform as well as the administration of its endowment.

Why is it necessary to stick to proven principles while reacting to the recent call for more legitimacy? For one, foundations should not shy away from exerting influence. Democracy in our western sense heavily depends on participation – the participation of political parties, churches, companies, unions, the press and media. There is no reason that these should have a larger mandate to express their opinion than foundations. A foundation, particularly if it has a certain size, is naturally entitled to think of itself as an influential factor.

Second, our foundations are not on the brink of a real crisis of legitimisation as long as we adhere to some prerequisites. Several organisations have named these prerequisites (Anheier and Hawkes 2009). Among them, transparency is particularly important. If we were legally bound to lay open our financial means, their use and the governing bodies behind the foundation's doings, much of the recent critique would subside. With a view to possible conflicts of interest, foundations with a company background have to draw a clear line between the company interests and the foundation's

Foundations enjoy a growing public interest and importance. This has led to a recurring set of critical questions about the legitimacy of foundations. The reasons for this development are manifold – a diminishing public belief in institutions; unethical behaviour in the business and not-for-profit world; globalisation at large; and growing inequality in societies (Anheier and Hawkes 2009).

charitable work. Given, however, that every foundation needs to be accredited by the state and is subject to an annual monitoring process by the revenue office, radical misuse seems a far-fetched idea.

Third, excellent work and successful projects remain the decisive source from which foundations can gain legitimacy. There is a deeply-rooted, general expectation in society that foundations should go along with current norms and values and that, in their daily work, they perform according to social reality. Richard Scott (2001) speaks about a "moral legitimacy" and a "cultural/cognitive legitimacy". Foundations are thus expected to take up ideas and projects which concur with current social values, beliefs and concerns. This also encompasses the notion that foundations must be able and allowed to take risks. Naturally, social reality is constantly subject to change. Foundations

therefore need to register carefully all kinds of shifts in their surroundings. They need to be able to adapt to changes: "organizations are legitimate if they are understandable, rather than when they are desirable" (Suchman 1995). This means, of course, that the moral-cultural legitimacy which foundations wish to gain is in flux. If we were to look more closely into this kind of legitimacy, we would certainly find that foundations experience ups and downs, depending on whether their initiatives can secure a very high level of assent and public interest or just medium-sized approval.

The question of legitimacy is thus also connected to the foundation's statutes. Statutes with a broad scope such as "education" or "academic research" allow for shifts in the foundation's activities and for an easy legitimisation via society's current needs and concerns.



Participants of the ZEIT-Stiftung's "Schülercampus Mehr Migranten werden Lehrer" ("More Immigrants Become Teachers") programme.

Fourth, a major asset of foundations is their intellectual capacity. Foundation staff are generally highly qualified and also work with a high moral impetus. Every bigger foundation can self-confidently say that it finds legitimacy through its staff and the experts involved.

Last but not least, foundations gain legitimacy if they see themselves and their work as elements on a continuous learning curve. Mark Kramer and his colleagues have illustrated this point by contrasting the “reporting mind-sets” with the “learning mind-sets”. If we try to measure the effect and success of our work with a traditional evalu-

ation, we are bound to look backwards – and we can’t even be sure about the results because we lack comparison. As Kramer notes, “this approach to evaluation has created a system that churns out reports, but doesn’t promote learning” (Crutchfield, Kania and Kramer 2011).

To learn more about the effects of our projects, we must try to take a wider view, look to long-term outcomes, and dare to come up with completely new solutions. This does not mean that we should lose confidence in our doings, but rather that we may never rest, never remain in established patterns of thinking and doing as long as there

is the slightest hint that our activities could yet achieve better results or could be bent to better causes. As long as foundations and their actors adhere to this guiding principle, they act legitimately.

Adapting to social change, laying open the foundation’s activities, remaining keen to learn – all while staying truthful to proven principles – this is the way to secure legitimacy for foundations.

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