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Who Becomes a Foundation CEO? An Analysis of Hiring Patterns, 2004-2008

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Key Points

- This study provided baseline data about the professional and individual characteristics of 440 candidates selected to be the top executive in a grantmaking institution during a five-year study period (2004-2008), and about the hiring patterns of the diverse institutions making these appointments.
- Most new chief executive officers (79.5 percent) were *not* hired from within the same foundation. The percentage of external appointments grew in each successive year of the study period.
- Most new foundation CEOs (67 percent) were *not* working for a grantmaking institution when they were appointed. This majority made the transition from fields outside of philanthropy, such as business (24.3 percent) and nonprofit organizations (24.8 percent).
- Most new foundation CEOs (63.4 percent) held high-level executive positions in their immediate prior position as either chief executive (38.9 percent) or vice president (24.5 percent).
- Almost 19 percent of new foundation CEOs were from diverse racial and ethnic groups, and just under half (48.9 percent) were women. The hiring patterns of certain foundation types and sizes varied according to the race, ethnicity, and gender of the appointee.

Introduction: Who Leads America's Foundations?

The executives selected to lead foundations are given the complex responsibility of helping their institutions make the contributions that are so essential to many corners of American and global society. It is important, therefore, to know more about the professional backgrounds of these individuals as well as their career pathways to positions of leadership. Foundation leaders and their hiring decisions are frequently subjects of commentary, debate, and anecdote; there has been little concrete data to inform – or, possibly, correct – our understanding of these topics.

In 2009, the Council on Foundations commissioned a research project as part of its Career Pathways program, which focuses on inclusive practices in philanthropic leadership, talent acquisition, and management and seeks to increase the number of individuals in the talent pipeline who are from diverse backgrounds and competing for leadership positions in philanthropy. This research was designed to provide baseline data about those selected as top executives in grantmaking institutions (supply side) and about the hiring patterns of those institutions (demand side).[1]

[1] See Career Pathways to Philanthropic Leadership Baseline Report for an initial report from this research.

The research sought to address three questions:

1. What are the professional backgrounds of the individuals appointed as top-level foundation executives during the study period of 2004 to 2008?
2. How diverse, in terms of race/ethnicity and gender, are the individuals appointed as top-level foundation executives during the study period?
3. What sorts of foundations appointed these individuals during the study period, and were there patterns to be seen in which sorts of foundations hired what kinds of individuals?

This study focused on publicly reported appointments of CEO-level executives in grantmaking institutions; 440 appointments were identified by a team of researchers working under the guidance of the Council on Foundations. Information on each appointment and hiring foundation was collected and analyzed.

The Need for Baseline Data on Changing Philanthropic Leadership

Addressing the research questions above will provide insight about the typical career paths of foundation CEOs – exploring, for instance, whether those paths lead internally through a foundation – and the extent to which philanthropic leadership reflects the diversity of American society. This baseline analysis is also intended to bring attention to the need for future research in this area and to serve as an information tool for foundations and executive search firms interested in recent hiring trends or looking to improve their own hiring processes and leadership development. These implications are reviewed in a concluding section.

Moreover, this project will equip potential candidates for foundation leadership positions with useful knowledge of the preferred and likely career paths into the executive office. And it will help to inform the development of the council's leadership preparation programs.

Providing this initial data on foundation CEO hiring patterns comes at a time when leadership in the field of philanthropy is changing in fundamental ways and at all levels. One such change is the increasing demand for talent. A 2006 report from the Bridgespan Group suggests, "The nonprofit sector will likely need nearly 80,000 new leaders in 2016" (Tierney, 2006, p. 3), including a great many new leaders to staff the rapidly increasing number of foundations. Yet, as the report explains, "The sector also lacks robust management-education and executive-search capabilities" (p. 3).

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At the same time, as a recent review concludes, "Many foundations, both large and small, have made diversifying their professional staff and board of directors a top institutional priority" (Nielsen & Huang, 2009, p. 5). Foundations are looking to make their staffs more diverse not simply to reflect more closely the diversity in the society they serve, but also because a more diverse staff can be more effective, responsive, and adaptive (Capek & Mead, 2006; Kasper, Ramos, & Walker, 2004). There are a growing number of programs both within foundations and across the field of philanthropy to facilitate inclusive hiring and promotion practices, mentor future leaders from diverse racial and ethnic backgrounds, and so on (Chao, Parshall, Amador, Shah, & Yanez, 2008). And the increase in innovative new forms of racial, ethnic, and tribal giving – such as giving circles, native community "focus funds," and others (Lindsey, 2006) –will help continue this push toward more diverse philanthropic leadership.

As these changes accelerate, the field has all the more reason to understand who it chooses as its most visible top-level leaders. During the next two decades, large numbers of new CEOs will take their positions in philanthropy and their collective impact will define our field in profound ways.

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Previous Research on Foundation Leadership, Hiring, and Diversity

The composition of foundation staffs, and especially the top-level leadership, has been a topic of discussion, curiosity, praise, and even criticism (Nielsen, 1972) almost since the emergence of the modern philanthropic foundation. In this sense, foundations are like other important social institutions and industries. However, beyond a few studies, there has been little concrete data collected despite the fact that the need for more data has been identified for quite a while (Carson, 1994).

Some of the limited past research has focused on the professional backgrounds of foundation leaders and hiring patterns by different sorts of foundations, and over the past couple decades the diversity of foundation staff – especially in terms of race/ethnicity, gender, physical ability, and sexual orientation – has received special focus. One of the first studies using 1982 data (Odendahl, Boris, & Daniels, 1985) found that while women were an increasing percentage of foundation staff, at about 25 percent they were underrepresented in the CEO position. And according to this study, women were more likely to lead smaller-staffed foundations. This study was also among the first to note the limited career mobility for foundation workers in general, and the differences between foundations of varying staff and asset sizes.

Frumkin (1999) looked back on foundation staff appointments during these years using a methodology similar to the current study. He found more evidence for upward mobility within the foundation field, noting "there has been a substantial increase in the hiring of foundation staff with previous grantmaking experience" (1999, p. 86) between 1970 and 1989 – particularly for CEOs, who were increasingly being hired from within the same institution. Frumkin also cited data showing that women and members of diverse racial and ethnic groups were, by the early 1990s, more likely to be hired into professional positions in foundations than in the general economy.

The most comprehensive study of diversity in foundation staffing, conducted for the Joint Affinity Groups, analyzed two decades of Council on Foundations' staff survey data as well as a new, 500-person survey (Burbridge, Diaz, Odendahl, & Shaw, 2002). Like Frumkin, this study found that during the 1980s and 1990s, women had risen to become the majority of foundation professional staff and individuals from racially and ethnically diverse backgrounds comprised about 20 percent of staff. While women occupied about half of foundation CEO positions by the end of the century, however, they were still primarily leading smaller-asset foundations.

People from racially and ethnically diverse backgrounds – primarily people of color – fared best in corporate, public, and community foundations but were not as well-represented in family and independent foundations. And while men of color had increased success advancing in foundations, women of color were not. Most significantly, few people of color of either gender were becoming foundation CEOs, though there was an increase from 1.6 percent to 6 percent noted in Council data from 1982 to 1998. This study also found that about 37 percent of staff in the Council's 1999 survey had worked at a foundation in their previous job, which suggests the trend noted by Frumkin did not continue. Men from racially and ethnically diverse backgrounds were substantially more likely than other groups to be hired from a foundation.

The question now is whether this mixed picture of the diversity and experience of foundation CEOs, and the pathway to top-level advancement, still fits. While diverse racial and ethnic groups are fairly well represented – and perhaps even increasing – at the program officer level (Chao et al., 2008), this does not seem to extend to the CEO level. The most recent Council on Foundations data, from a 2008 survey of 850 foundations and giving programs, show that only 6.8 percent of CEOs in those foundations were members of diverse racial and ethnic groups (Council on Foundations, 2009). That percentage is little changed from a decade earlier. The survey also found that women now hold more than half (55.2 percent) of all foundation CEO positions.

While these studies contribute to the understanding of the demographic composition of foundation staff and general hiring patterns, even less is known about what foundations look for in hiring a CEO. Experts in the field note that the majority of foundation staff still has little prior experience in grantmaking (Orosz, 2007). And as Fleishman (2007) observes, foundation presidents need "a palette of varying strengths depending on the nature and culture of particular foundations" (p. 301). Indeed, some recent case studies of individual CEOs (Constantine, 2009; Sharp, 2007) and of foundations seeking to increase staff diversity (Capek & Mead, 2006) suggest that the internal culture of a foundation makes a key difference for hiring and advancement, and that foundations want CEOs with proven and varied leadership skills. Quantitative field-level data can help provide the necessary context for understanding any particular foundation's choice.

Data and Methods

The dataset of details about the 440 executive appointments was generated by reviewing announcements listed in two sources: *The Chronicle of Philanthropy* and *Philanthropy News Digest* (published by the Foundation Center). These two sources are generally regarded as the trade publications most commonly used to announce executive appointments within the field.[2] The dataset only included appointments of individuals to the top executive staff position in a grantmaking institution, whether that position was labeled president, CEO, or executive director, and only appointments announced or made effective during the five-year period from Jan. 1, 2004, to Dec. 31, 2008.[3] In addition, only appointments to institutions listed in the Foundation Center's Foundation Finder online database were included. However, some of those institutions were excluded after additional online and telephone research clarified that the institution did not have grantmaking as its primary function, or that it was not an independent institution.[4]

The internal culture of a foundation makes a key difference for hiring and advancement, and foundations want CEOs with proven and varied leadership skills.

The research team then collected details about the appointment, the appointee, and the hiring foundation using the published announcement and the Foundation Center's online databases as well as web searches (e.g., individual foundation websites) and telephone calls.[5] Information col-

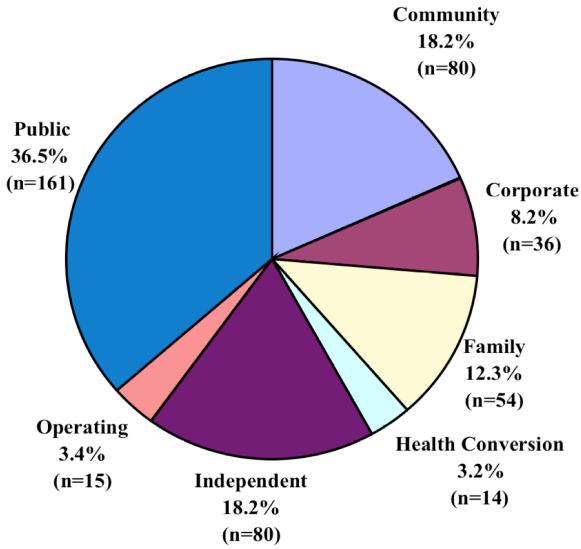
[2] Based on conversations with philanthropic practitioners and previous knowledge of the field, researchers concluded that nearly all staffed foundations with active grantmaking programs are inclined to announce top-level staff appointments in national trade publications. Still, there are likely some foundations that did not announce their chief executive appointment in either of these two most common publications. For instance, some very small, new, or nonmainstream grantmakers might not have listed their appointments in these sources – although there were many foundations in the database in which the appointee being announced was the only paid staff member.

[3] Some individual grantmaking institutions announced more than one CEO-level appointment during the five-year study period, but each appointment was treated as a discrete event. Analysis of CEO turnover is not part of this initial study.

[4] Excluded entities included corporate-giving programs not listed separately in the Foundation Center's database, "foundations" that were fundraising entities attached to a single institution such as a university or hospital, and funds operating under the umbrella of a community foundation without an independent staff and board.

[5] The two databases used were Foundation Finder, http://lnp.fdncenter.org/finder.html, and 990 Finder, http://foundationcenter.org/findfunders/990finder.html. Yearend figures for 2007 were used when possible.

FIGURE 1 Foundation Types

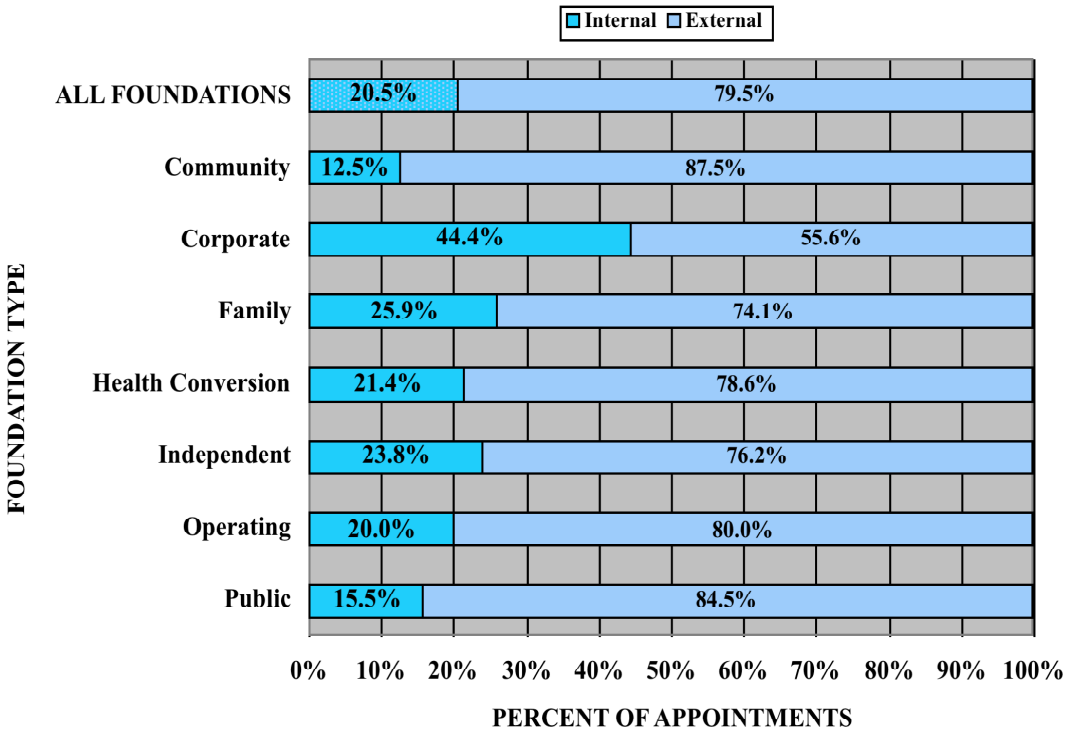


lected about the hiring foundation included the type of foundation (community, family, etc.), asset size and number of paid part- and full-time staff, geographic location, and the year it was founded. Facts gathered about the appointees included their immediate prior position and prior organization. Details about their previous job were gathered from the published announcement as well as through web searches and telephone inquiries. Each individual's prior job was classified by type and level of position, such as chief executive, vice president or other high-level executive, mid-level director/manager, development staff (e.g., for a nonprofit organization), foundation grant program staff, or other profession (e.g., professor, journalist, consultant). The appointee's prior organization was classified by industry or sector, including various types of other foundations, nonprofit organizations, government, business (including law and consulting), and health care or higher education (in any sector). This information was then used to determine whether the appointment was internal or external to the hiring foundation and if the individual was already working in another grantmaking institution.

This study also gathered information about each appointee's race, ethnicity, and gender. Researchers telephoned each appointee and asked him or her to self-identify. If direct contact was not possible, information about race, ethnicity, and gender was gathered from credible sources, including biographical information available on individual foundation websites, through colleague organizations, or the Council on Foundations' database. Of the 440 appointees in the dataset, reliable racial and ethnicity data were collected for 407 individuals (92.5 percent of the total) and gender information was collected for 438 (99.5 percent). Individuals were listed in one of five race/ethnicity categories: White/Caucasian, African American, Latino/Hispanic, Asian American, and Arab American. The fact that there were no individuals in the dataset from other common racial and ethnic groups – American Indian, Native Hawaiian, Alaskan Native, Pacific Islander – is perhaps due to the method used to identify appointments and should be kept in mind as a limitation of this initial study.

Quantitative analysis of this database of foundation CEO appointments included frequency calculations and extensive cross-tabulation analysis. Chi-squared significance tests were conducted

FIGURE 2 Percent of Internal and External Appointments by Foundation Type



on the cross-tab distributions when appropriate. The analysis generated descriptive summaries of the data and also identified hiring patterns. The researchers looked specifically for how certain characteristics of the appointing foundations related to characteristics of the individuals they appointed and the sorts of positions from which those appointees were hired.

To provide context for the review of findings below, Figure 1 summarizes the percentage of the 440 CEO-level appointments in the dataset that were made by each foundation type during this five-year period.[6] Grantmakers classified as public foundations hired twice as many leaders (161 individuals or 36.5 percent) as any of the other foundation types, so their particular hiring dynamics have the most effect on aggregate findings. [7]

Findings

Most CEOs Were Not Promoted From Within the Hiring Foundation

Of the 440 individuals appointed to CEO-level positions during this five-year period, an overwhelming proportion (79.5 percent) came from

[6] The inclusion of any foundation announcing a chief executive hiring in the two designated news sources greatly expanded the total size of the dataset. However, it also means that the foundations in this study are not a statistically representative sample of the nation's estimated 70,000 foundations because they are not sampled as such.

[7] Foundation types were primarily determined by labels used in the Foundation Finder database, but additional investigation (including web research and phone calls) was also used to create more specific categories, allowing more detailed analysis of potential patterns across subtypes. Foundations classified as "family" were listed as "independent" in the Foundation Finder database, but either self-identified as this family type or had two or more trustees who were related to the founding donor(s). A category called "public foundations" was created to capture those institutions that were listed as "public charities" but that also did not fit under the "operating" or "community" types and were still determined to have grantmaking as the primary activity. "Health conversion" foundations were also listed as "independent" but were given this secondary descriptor in the database, and were found to be sufficiently different in some key aspects – e.g., asset size.

TABLE 1 Foundation Asset and Staff Size by External or Internal Appointment

ASSET SIZE (in millions)	APPOINTMENT				TOTAL	
	External		Internal			
	#	%	#	%	#	%
Less than $5	72	20.6	9	10.0	81	18.4
$5 - $9.9	34	9.7	3	3.3	37	8.4
$10 - $24.9	49	14.0	7	7.8	56	12.7
$25 - $49.9	35	10.0	15	16.7	50	11.4
$50 - $99.9	51	14.6	22	24.4	73	16.6
$100 - $249.9	56	16.0	10	11.1	66	15.0
$250 or more	53	15.1	24	26.7	77	17.5
TOTAL	350	100.0	90	100.0	440	100.0
STAFF SIZE	#	%	#	%	#	%
Fewer than 5	99	31.0	25	29.4	124	30.7
5 - 9	80	25.1	21	24.7	101	25.0
10 - 19	55	17.2	18	21.2	73	18.1
20 - 49	58	18.2	12	14.1	70	17.3
50 or more	27	8.5	9	10.6	36	8.9
TOTAL	319	100.0	85	100.0	404*	100.0

For asset size, X^2=23.6, (6 d.f., p=0.00).
For staff size, X^2=1.62, (4 d.f., p=0.81).
* Foundations for which no information on staff size was available are excluded from this table.

outside of the foundations that hired them (Figure 2). The proportion of external appointments was especially high for community foundations (87.5 percent) and for those classified as public foundations (84.5 percent). These two types of foundations are the ones that usually require the chief executive to do some amount of fund development. Indeed, as described later, community and public foundations were the two types most likely to hire individuals working in development positions, which usually required an external hire. By contrast, corporate foundations appointed the lowest proportion of external candidates; but still, more than half (55.6 percent) of corporate foundation appointees were from outside of the corporation during the study period.[8]

The analysis also revealed somewhat surprising findings about the propensity of foundations of different sizes – measured either by asset size or staff size – to hire internal versus external CEO candidates. As shown in Table 1, smaller-asset foundations (those with less than $25 million in assets) were much more likely to hire externally

[8] Note that appointments were considered "internal" if the individual was hired from within the same grantmaking institution or from within another entity under the same broad organizational umbrella. This includes individuals appointed from elsewhere in a corporation to head that company's foundation. In large corporations, then, the pool of "internal" CEO candidates would be larger than the size of the corporate foundation staff might indicate.

TABLE 2 Race/Ethnicity and Gender of Appointees by External or Internal Appointment

RACE/ ETHNICITY	APPOINTMENT				TOTAL	
	External		Internal			
	#	%	#	%	#	%
White/ Caucasian	267	81.4	63	79.8	330	81.1
African American	34	10.4	8	10.1	42	10.3
Latino/Hispanic	19	5.8	6	7.6	25	6.1
Asian American	7	2.1	2	2.5	9	2.2
Arab American	1	0.3	0	0.0	1	0.3
TOTAL	328	100.0	79	100.0	407*	100.0
GENDER	#	%	#	%	#	%
Male	190	54.4	34	38.2	224	51.1
Female	159	45.6	55	61.8	214	48.9
TOTAL	349	100.0	89	100.0	438*	100.0

For race/ethnicity, X^2 is inappropriate because of several low expected values. For gender, X^2=7.48, (1 d.f., p=0.01).
* Appointees for whom information on race/ethnicity or gender was not available are excluded from this table.

than other foundations, while the largest-asset foundations ($250 million or more in assets) were the most likely to hire internally. To put these numbers in terms comparable to Figure 2, the smallest-asset foundations hired externally 89.1 percent of the time – this is much higher than the 79.5 percent for all foundations. On the other hand, the largest-asset foundations hired externally 68.8 percent of the time, which is still a considerable percentage but not as large as the total for all foundations.

However, perhaps what matters is the size of a foundation's staff rather than its assets. Table 1 provides surprising data on this question: There appears to be no significant differences in the internal hiring patterns of foundations with small versus large staffs. Foundations of all staff sizes hire externally around 80 percent of the time. The reasons for these findings about how a foundation's size affects its internal versus external hiring are likely very complicated and will be an interesting topic for future research.[9]

Another crucial question for this research is whether a candidate's racial and ethnicity identity or gender is a factor in hiring decisions. As shown in Table 2, race and ethnicity do not appear to be a major factor affecting foundations' decisions to hire an internal versus external CEO, except with regard to individuals of Latino/Hispanic ethnicity. While the number of Latino/Hispanic CEOs hired externally during this five-year period (n =19 or 76 percent of Latinos/Hispanics hired) is still much higher than the number hired internally (n = 6 or 24 percent), the difference between these numbers is smaller than for individuals of other racial and ethnic groups.

[9] The data for this study clearly overrepresented the number of foundations that have any paid staff at all, but that is unavoidable in a study of paid CEOs. The study also includes more foundations with relatively large staffs and large assets than in the general foundation population. Finally, note that chi-squared tests showed the distribution across asset size was significantly different from expected values, while the distribution across staff size was not.

TABLE 3 Prior Organization of Appointees

PRIOR ORGANIZATION		TOTAL		TOTAL	
		#	%	#	%
Type of Foundation	Community	26	5.9	145	33.0
	Family	24	5.5		
	Independent	39	8.9		
	Public	41	9.3		
	Other	15	3.4		
Nonfoundation	Nonprofit	109	24.8	295	67.0
	Government	24	5.4		
	Business	107	24.3		
	Health Care	18	4.1		
	Higher Ed	37	8.4		
TOTAL		440	100.0	440	100.0

There are clearer differences in internal appointment patterns by gender. A woman appointed as a foundation CEO was much more likely than a man to have been hired from within the same foundation, even though there were still many more female executives hired externally than internally. In fact, while 48.9 percent of all appointees were women, 61.8 percent of all internal appointees were women. One possible explanation for this finding is that foundation trustees or search committees looking to hire a CEO feel more comfortable with female candidates – or Latina/Hispanic candidates – if these candidates are familiar and already proven within the institution.

Overall, the most significant finding is the overwhelming proportion of external CEOs hired across all types of foundations and across all racial and ethnic groups and genders. Even more dramatic, the proportion of external appointments grew steadily larger in each successive year of the study period; and over five years these increases added up. In 2004, 73.4 percent of CEO appointments were external. In 2008, 84.7 percent were external. This is a clear trend away from internal foundation CEO appointments and may reveal emerging changes in the career pathways for foundation employees.

Most CEOs Were Hired From Outside the Philanthropic Field

Closely related to the question of whether foundations hired their new CEOs internally or not is whether they hired from within the philanthropic field – whether foundations chose CEOs who were already working for a grantmaking institution. Answering this question will provide further insight into the skill set and experience that foundations seek in their top-level executive. The analysis of these 440 appointees over five years looked closely at the specific prior industry in which the appointees were employed when hired. The findings, overall, mirrored those above.

Most of the new hires (67 percent) had not worked for a foundation in their prior job (Table 3). This total of 33 percent hired from within philanthropy was less than in previous studies (Burbridge et al., 2002; Frumkin, 1999). Of those CEOs in this data not hired from foundations, about 25 percent came from positions in nonprofit organizations, and nearly the same number came from the business sector. In fact, the actual percentages from nonprofits and business are

TABLE 4 Appointee's Prior Organization by External or Internal Appointment

PRIOR ORGANIZATION	APPOINTMENT				TOTAL	
	External		Internal			
	#	%	#	%	#	%
Foundation	71	20.3	74	82.2	145	33.0
Nonfoundation	279	79.7	16	17.8	295	67.0
TOTAL	350	100.0	90	100.0	440	100.0

X^2=124.0, (1 d.f., p=0.00).

even higher because many of the organizations classified in the health care and higher education fields were also for-profit or nonprofit.

There was some variation by foundation type. Family, health conversion, and independent foundations all hired people working for foundations more than 40 percent of the time. Family foundations were the only type that was actually more likely to hire someone working for a foundation (51.9 percent) than someone working elsewhere. Family foundations were also considerably more inclined to hire people who had been working in family foundations. This strong preference for hiring from similar foundations was also the case for other types, particularly community and public foundations.

On the other hand, operating foundations only hired a new chief executive who had been working for a foundation 13.3 percent of the time, and nearly half of all operating foundation CEOs were hired from nonprofit organizations. Taken together, these findings suggest that what matters the most to a hiring foundation is not whether the new chief executive has grantmaking experience per se, but whether she has grantmaking experience or executive skills that are specifically relevant to that particular type of foundation.

As shown in Table 4, of the relatively small number of new hires (145) working for a foundation when hired, a little more than half (74) were appointed from within the same organization. And overall, nearly 80 percent of the new hires came from outside of the foundations that hired them and outside of philanthropy.[10] These findings indicate that the majority of newly appointed executives are "outsiders," coming to their new leadership role not only from another organization but from another field. This provides further powerful evidence of just how difficult it is to achieve a leadership position from within the philanthropic field.

Foundation size appears to effect whether a foundation hires from within the field. But as with the results for internal hiring described in the previous section, it is the size of a foundation's assets that seem to be a predictor, not staff size. And assets matter in a similar way. The smallest-asset foundations (less than $5 million) appointed more outsiders – they hired a CEO that had been working for a grantmaker only 22.2 percent of the time. The largest-asset foundations ($250 million or more), on the other hand, hired from a grantmaker almost half of the time (48 percent), which is considerably above the norm.

The findings about gender are also similar to those reported for internal versus external hiring (Table 5). Women appointed as foundation chief executives were surprisingly more likely than men (58.3 percent versus 41.7 percent) to have come from a prior position in a foundation. This seems to reinforce the interpretation that decision makers are more confident that a man from outside of the field – versus women from outside – can take on a foundation leadership role without having

[10] The 16 individuals listed in Table 4 who are considered internal appointments but who also were not working for a foundation had worked for another entity under an organizational umbrella and were then tapped to lead that organization's grantmaking entity.

TABLE 5 Race/Ethnicity and Gender of Appointee by Appointee Prior Organization

RACE/ ETHNICITY	PRIOR ORGANIZATION				TOTAL	
	Foundation		Non-Foundation			
	#	%	#	%	#	%
White/ Caucasian	104	78.8	226	82.2	330	81.1
African American	16	12.1	26	9.4	42	10.3
Latino/Hispanic	8	6.1	17	6.2	25	6.1
Asian American	4	3.0	5	1.8	9	2.2
Arab American	0	0.0	1	0.4	1	0.3
TOTAL	132	100.0	275	100.0	407*	100.0
GENDER	#	%	#	%	#	%
Male	60	41.7	164	55.8	224	51.1
Female	84	58.3	130	44.2	214	48.9
TOTAL	144	100.0	294	100.0	438*	100.0

For race/ethnicity, X^2 is inappropriate because of several low expected values.
For gender, X^2=7.71, (1 d.f., p=0.01).
* Appointees for whom information on race/ethnicity or gender was not available are excluded from this table.

prior foundation experience. Table 5 also shows that there are no noticeable differences across race/ethnicity categories in their percentage hired with foundation experience.

While these findings generally provide bad news for individuals working within the field of philanthropy who aspire to the highest level leadership positions in their field, there is a bit of good news, also. Hiring CEOs from outside philanthropy does not appear to be on the rise in the same way that hiring external to the institution is on the rise. The rate of appointments from nonfoundation positions was about the same during each year of the study period.

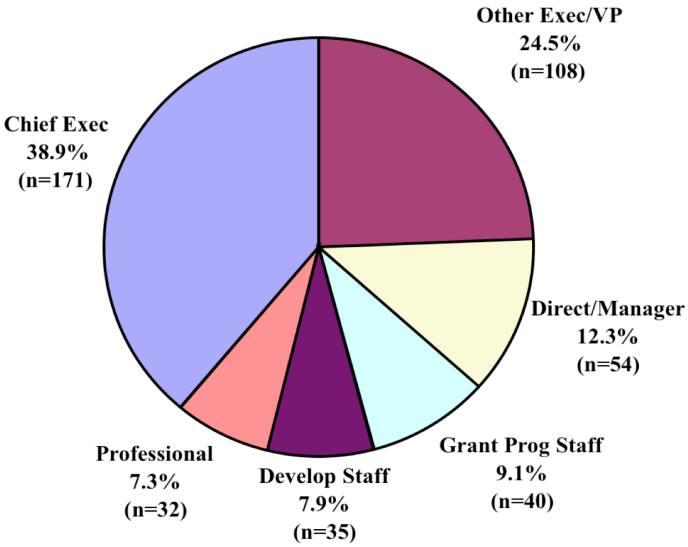
Most CEOs Had Experience as a Top Executive

A majority (63.4 percent) of the new foundation CEO appointees examined in this study were hired directly from other top executive positions (Figure 3). Nearly 40 percent had held at least one CEO position (their immediately prior job) and 24.5 percent held a vice president or similar position when hired.[11] As one might expect, there is a strong relationship between an individual's level of past executive experience – at least in their immediately prior position and organization – and their success in being selected as a foundation CEO.

As noted earlier, there are a few meaningful differences across foundation types in terms of what experience they seem to look for in a new chief executive. Community and public foundations were more likely than other types to hire individuals working in development positions, which seems logical given the fundraising imperatives of those types of foundations. Also, health

[11] The "chief executive" classification included some individuals who were serving as publicly elected officials as well as some who had been acting or interim CEOs. The "other executive/VP" classification did not include vice residents of development/advancement or vice presidents of programs – those individuals were classified as "development staff" or "grant program staff," respectively.

FIGURE 3 Prior Position of Appointees



conversion foundations appear to be particularly interested in hiring chief or vice president-level executives – they hired 78.5 percent from those two positions.

The number of appointees selected from positions in the grant-program staff of a foundation is particularly important given the interest in the career pathways within foundations and within the philanthropic field. The fact that 9.1 percent of new chief executives were hired from this position is worth noting. Family foundations were a bit more inclined than other types to elevate grant-program staff to the CEO position. However, every type of foundation still hired more individuals currently working as a chief executive than in any other position.

The specific prior position of the appointee, and the experience that this suggests to those making

TABLE 6 Prior Position of Appointee by External or Internal Appointment

PRIOR ORGANIZATION	APPOINTMENT				TOTAL	
	External		Internal			
	#	%	#	%	#	%
Chief Executive	155	44.3	16	17.8	171	38.9
Other Exec/VP	71	20.3	37	41.1	108	24.5
Director/Manager	42	12.0	12	13.4	54	12.3
Grant-Prog Staff	20	5.7	20	22.2	40	9.1
Development Staff	32	9.1	3	3.3	35	7.9
Professional	30	8.6	2	2.2	32	7.3
TOTAL	350	100.0	90	100.0	440	100.0

X^2=54.2, (5 d.f., p=0.00).

TABLE 7 Race/Ethnicity and Gender of Appointee by Prior Position of Appointee

RACE/ ETHNICITY	PRIOR POSITION												TOTAL	
	Chief Executive		Other Exec/ VP		Director/ Manager		Grant-Prog Staff		Development Staff		Professional			
	#	%	#	%	#	%	#	%	#	%	#	%	#	%
White/Caucasian	137	84.6	79	81.5	34	69.4	24	63.1	30	96.8	26	86.7	330	81.1
African American	12	7.4	11	11.3	11	22.4	6	15.8	0	0.0	2	6.7	42	10.3
Latino/Hispanic	8	4.9	6	6.2	4	8.2	5	13.2	1	3.2	1	3.3	25	6.1
Asian American	4	2.5	1	1.0	0	0.0	3	7.9	0	0.0	1	3.3	9	2.2
Arab American	1	0.6	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	1	0.3
TOTAL	162	100.0	97	100.0	49	100.0	38	100.0	31	100.0	30	100.0	407*	100.0
GENDER														
Male	97	56.7	49	45.8	27	50.0	15	37.5	15	44.1	21	65.6	224	51.1
Female	74	43.3	58	54.2	27	50.0	25	62.5	19	55.9	11	34.4	214	48.9
TOTAL	171	100.0	107	100.0	54	100.0	40	100.0	34	100.0	32	100.0	438*	100.0

For race/ethnicity, X^2 is inappropriate because of several low expected values.
For gender, X^2=9.72, (5 d.f., p=0.08).
* Appointees for whom information on race/ethnicity or gender was not available are excluded from this table.

the hiring decisions, might help explain the results about internal versus external appointments in general. Table 6 presents some fairly stark and significant findings in this regard. It makes sense that new CEOs hired from chief executive positions were external hires, but this category does not alone explain the high number of external appointments. Individuals hired from development positions and professional roles were nearly all external as well. Recall that the two types of foundations that made the most CEO appointments – public and community – were also the most likely to hire from development positions.

This can also help explain the large number of appointees from the nonprofit sector, in which individuals were disproportionately working in development. Further, Table 6 shows how the grant-program staffers who are tapped to become CEOs are split evenly between internal and external hires, which mean they are involved in more internal hires than the norm. This suggests that there is some sort of internal, program-oriented career ladder in some foundations, even if it is still a less likely path to the CEOs office than some others.

Once again, foundation size mattered for this dimension of hiring patterns; and once again, foundation asset size mattered most. Larger-asset foundations hired a high percentage of chief executives, but also a higher percentage of grant-program staff than smaller-asset foundations, which further bolsters the conclusion that internal hiring is most robust in the largest-asset foundations. Smaller-asset foundations were more likely to hire development staff and professionals – again, this is consistent with the more external hiring tendencies of smaller-asset foundations. Staff size mattered less than asset size, with one exception: Foundations with the smallest staffs (fewer than five) were more likely to hire individuals currently in grant-program, development, and director/manager positions. Many of these foundations are appointing individuals to what will be their first chief executive position,

TABLE 8 Race/Ethnicity of Appointee by Gender of Appointee

RACE/ ETHNICITY	GENDER				TOTAL	
	Male		Female			
	#	%	#	%	#	%
White/Caucasian	186	86.5	144	75.0	330	81.1
African American	14	6.5	28	14.6	42	10.3
Latino/Hispanic	10	4.6	15	7.8	25	6.1
Asian American	4	1.9	5	2.6	9	2.2
Arab American	1	0.5	0	0.0	1	0.3
TOTAL	215	100.0	192	100.0	407*	100.0

X^2 is inappropriate because of several low expected values.
* Appointees for whom information on race/ethnicity or gender was not available are excluded from this table.

even if they will be chief executive of an organization with a very small staff.

Finally, Table 7 provides fascinating evidence that race, ethnicity, and gender affect how individuals with different types of experience get hired as new CEOs. First, white men comprised the majority of chief executives hired (usually externally) as new foundation leaders. All but one of the individuals hired from development positions were white, and 55.9 percent of them were women. On the other hand, a disproportionate percentage of the grant-program staff who go on to become CEOs were African American and Latino or Hispanic, and also female, which follows much previous research suggesting greater diversity at the program officer level (Chao et al., 2008; Council on Foundations, 2009).

There was a higher incidence of African Americans stepping up from the director/manager level to CEO, and there were more women than men hired as vice presidents. These findings together suggest that if women and individuals from racially and ethnically diverse backgrounds want to advance to the CEO level in philanthropy, they have a good path to do so through the mid-level executive positions within foundations.[12] This also leads to the conclusion that one way to increase the diversity of foundation leadership are to focus on hiring from these mid-level positions.

About 19 Percent of CEOs Were From Diverse Racial/Ethnic Groups; Nearly Half Were Women

As shown in several previous tables, four out of five (81.1 percent) newly appointed chief executives were Caucasian. This means nearly 19 percent were from diverse racial and ethnic groups – 10.3 percent were African American and just under 9 percent represented three other groups (6.1 percent Latino/Hispanic, 2.2 percent Asian American, 0.3 percent Arab American). In addition, almost half (48.9 percent) of the new chief executives were women. Overall, 45.7 percent of the new CEOs hired between 2004 and 2008 were white men, and so more than half of them were either women or people of color (or both). It is particularly important to note the absence of individuals from other common racial and ethnic groups, such as American Indian or Pacific Islander.[13]

A recent report (Council on Foundations, 2009) found that members of diverse racial and ethnic groups made up only 6.8 percent of CEOs of the

[12] Note, however, that the findings for gender in Table 7 are slightly below the $p < 0.05$ significance threshold.

[13] It is likely that other methods of identifying executive appointments, such as direct outreach to racial, ethnic, and tribal philanthropists and other grassroots contact, may have found individuals from these groups, as well as additional ones from other racially and ethnically diverse groups.

TABLE 9 Foundation Asset and Staff Size by Gender of Appointee

ASSET SIZE (in millions)	GENDER				TOTAL	
	Male		Female			
	#	%	#	%	#	%
Less than $5	31	13.9	50	23.4	81	18.5
$5 - $9.9	20	8.9	16	7.5	36	8.2
$10 - $24.9	24	10.7	32	14.9	56	12.8
$25 - $49.9	22	9.8	28	13.1	50	11.4
$50 - $99.9	33	14.7	39	18.2	72	16.4
$100 - $249.9	44	19.7	22	10.3	66	15.1
$250 or more	50	22.3	27	12.6	77	17.6
TOTAL	224	100.0	214	100.0	438*	100.0
STAFF SIZE	#	%	#	%	#	%
Fewer than 5	44	21.1	80	41.5	124	30.8
5 - 9	53	25.4	46	23.8	99	24.6
10 - 19	40	19.1	33	17.1	73	18.2
20 - 49	46	22.0	24	12.4	70	17.4
50 or more	26	12.4	10	5.2	36	9.0
TOTAL	209	100.0	193	100.0	402*	100.0

For asset size, X^2=21.3, (6 d.f., p=0.00).
For staff size, X^2=25.0, (4 d.f., p=0.00).
* Foundations for which no information on staff size was available and appointees from whom information on gender was not available are excluded from this table.

850 foundations responding to the survey, and 55.2 percent of CEOs were women. The figures from the current analysis of new chief executive appointments suggest that recent hiring trends might be increasing the racial and ethnic diversity of CEOs, but perhaps decreasing the number of women. While the limits of both sources of data should be kept in mind, these findings imply that there is a considerable demographic shift going on in the ranks of top-level foundation leadership.

Additional data from this analysis also hint at a slight decrease in women CEO appointments. In each of the first three years of this analysis (2004-2006), women appointees actually outnumbered men, which confirm available data on current CEOs. Then in 2007, 57.1 percent of appointees were male, and in 2008 55.1 percent were. The reasons for this dramatic shift are unclear and there is no confirmation that it is a real trend. Also, there was not the same type of clear shift in any racial/ethnic category except for Latino/Hispanic, which also increased considerably in those final two years – they represented 10.3 percent of appointees in 2008, but only 2.8 percent in 2004. It will be important to continue tracking these trends.

Table 8 provides further information to help understand these emerging foundation-hiring patterns by race, ethnicity, and gender. This table shows how both race/ethnicity and gender matter,

and how they might interact. For example, there was more racial and ethnic diversity among the newly hired females than among the newly hired males. In fact, in each racial or ethnic group with the exception of one there were more women than men and about double the overall proportion of the entire dataset.

There were some marked differences in the racial and ethnic makeup of people appointed by various types of foundations. Corporate foundations appointed the highest proportion of individuals with diverse racial and ethnic backgrounds (30.3 percent), while family foundations had the least diverse pool of hires (7.8 percent). These results confirm earlier research (Burbridge et al., 2002). Family foundations have traditionally had few or no staff and deep family involvement, but they are growing in both numbers and professional staff size. It will be important to track if their hiring patterns change.

Foundations of different sizes again showed variations in hiring diverse candidates. Both asset size and staff size clearly mattered for this dimension of hiring, but they seemed to only matter for hiring by gender, not race/ethnicity. Table 9 provides this gender data in relation to both the appointing foundations' asset sizes and staff sizes. Men were considerably more likely to be hired by foundations with large assets and staffs, while women were more likely to be hired by small foundations. Again, these results confirm a long history of previous research on the career paths for women in foundations (e.g., Odendahl, Boris, & Daniels, 1985).

In sum, these findings about the race, ethnicity, and gender of chief executives hired during this five-year study period suggest that the career paths of candidates from diverse backgrounds and of female candidates differ from those of white men. But more research is required to explore this issue and to inform efforts to help increase diverse and inclusive hiring practices in foundations.

Conclusion

This research was intended to provide baseline data and initial analysis of who is selected to lead America's grantmaking institutions. A major goal of the study was to substitute assumptions and anecdotal information with actual data about the appointment of philanthropic leaders, hiring patterns and diversity, and the career pathways to leadership success. This initial study raises new questions for future exploration and research, and also provides useful information to guide the philanthropic community as it develops programs and tools to cultivate potential leaders and increase staff diversity.

The majority (79.5 percent) of the 440 chief executive appointments from 2004 through 2008 analyzed in this study were of individuals outside the institutions hiring them, and also outside the field of philanthropy. The percentage of external hires rose in each successive year of this study. And the percentage of hires from outside philanthropy in this study was even higher than discovered in a 500-person survey from 1999 (Burbridge et al., 2002). In sum, nearly 80 percent of new CEOs came from outside of the foundations that hired them *and* outside of philanthropy. The analysis also found that the largest-asset foundations hired more internally, while the smallest hired more externally, and asset size mattered more than staff size. Looking at the successful candidates' professional experience, the study provided quantitative verification that foundations are looking for CEOs with proven executive experience, although the type of professional experience varied in important ways across foundation types.

Perhaps the most significant finding of this study was that the percentage of these new CEO hires who were members of diverse racial and ethnic groups (18.9 percent) is quite a bit higher than the overall percentage of those groups among current foundation CEOs, as estimated in recent surveys (Chao et al., 2008; Council on Foundations, 2009). This was especially the case for the Latino/Hispanic group. On the other hand, this study found that less than half of new CEO hires from 2004 through 2008 were women – primarily due to an increase in male appointees in the final two years

of that period – whereas previous surveys had estimated that more than half of current CEOs are women. Foundations in this study also showed some distinctive patterns in hiring new female CEOs – for instance, if they hired a woman, she was more likely than a man to be hired internally or from another foundation.[14]

Future Research

This study provided useful baseline data; however, in order to understand philanthropic leadership, hiring patterns and diversity requires much additional research, particularly on the questions raised by these initial findings. The questions for future research can be grouped into three interconnected areas: the backgrounds and characteristics of the appointees as well as other candidates ("supply" questions), what exactly the variety of hiring foundations are looking for ("demand" questions), and the precise practices used to match this supply to this demand ("process" questions). Questions in each of these areas could be applied to hiring practices of foundation staff at many levels in addition to the chief executive and should be addressed using both quantitative and qualitative methods.

Supply – The Backgrounds of Appointees and Other Candidates

- Is there in fact a demographic shift occurring in top-level philanthropic leadership? Are there increasing numbers of Latino/Hispanic foundations CEOs? Is the shift toward hiring more men really a trend?
- In what ways do the career paths of appointees from diverse backgrounds differ from those of other appointees or candidates? What are the most successful career paths?
- To what extent does a candidate's social capital, social networks (including coaching, professional development, and mentoring), and access to decision makers matter for success in becoming a candidate or being appointed? How do candidates cultivate these factors or use them strategically?
- What are the notable differences in appointees when compared to the full pool of candidates for a position? Are there important differences related to diversity?

Demand – What Foundations Want

- In what ways are the growing number of grantmaking institutions – connected to specific racial, ethnic, or tribal populations – hiring differently than other institutions? What about the new kinds of grantmakers such as giving circles?
- Why are women CEOs with grantmaking experience more likely than men to be hired internally?
- What explains the apparently greater preference for external or internal hiring of certain types of foundations? Do different foundation types want different qualities or competencies from candidates and/or is there a core set of leadership competencies desired by all?
- What kinds of grantmaking institutions are more likely to deliberately prepare staff for upward mobility?

Process – Hiring Practices

- How does the demographic composition of the search committee affect the search process and hiring? What differences are observed in hiring practices when a search firm is used? Do different foundations have tendencies in these respects?
- How do factors related to diversity play out in the selection process? How does the type of search affect the composition of the candidate pool, especially in terms of diversity?
- How do foundation hiring practices differ by foundation size (asset or staff)? Does this affect what type of search is used or how broad a search is conducted?
- What factors about a candidacy are the most salient in the course of the selection process (e.g., resume, references, diversity, ties to the foundation, other networks)?

The Council on Foundations is conducting a second phase of follow-up research, which will be connected to the Pathways program, to address many of these questions. This research surveys the same cohort of 440 CEO appointments

[14] While this analysis looked for possible patterns in CEO hiring by foundations of different ages and in different geographic regions, no notable patterns were found.

(2004-2008) inquiring about their individual demographics and what mattered most for their successful appointment.

Implications for the Field

Philanthropic foundations make essential contributions in the United States and around the world, so it is essential that foundations have effective, culturally competent leaders. Meeting this goal is particularly challenging as the demand for leaders increases, society becomes more diverse, and the field seeks to be more inclusive in its hiring practices. The continued attention and intent in philanthropic leadership is expected to increase.

The results of this baseline study can serve as an information tool for foundation leaders, trustees, search committees, and search firms, and builds upon important previous research and future projects under way by colleague organizations such as the Joint Affinity Groups, regional associations, the Foundation Center, Diversity in Philanthropy Project D5 collaborative, and other funder networks, who are looking for ways to assist foundations in becoming more inclusive in hiring decisions and to cultivate a reliable pipeline of talented leaders. This study can also equip future leadership candidates with the knowledge of the likely career paths into the executive position and help emerging leaders from diverse racial and ethnic backgrounds to understand the most effective strategies for obtaining leadership positions in philanthropy.

This research provides additional evidence for the lack of clear and proven career pathways both within individual foundations and within the philanthropic field as a whole. This study raises several important questions for the field:

- To what extent is specific attention paid to cultivating upward mobility in philanthropic organizations, or are they occurring organically? Is this a shared value among foundation decision makers?
- What impact is the qualitative and quantitative impact resulting from the presence of executives from diverse backgrounds? What does it mean for grantmaker interaction with grantees?
- How can mobility be encouraged in organizations that are often very small or structurally flat?
- What sorts of mentoring, coaching, or professional development programs are being employed in foundations to cultivate aspiring and emerging leaders as an overall practice?
- Are there leadership initiatives in the corporate, higher education, governmental, or other sectors that the philanthropic sector can adapt to foster more upward movement and retention?
- How can foundations identify and recruit women and individuals from diverse backgrounds who are already working in other sectors or positions?
- Do foundations need to provide a philanthropic orientation to those coming from outside of philanthropy to boost the newcomers' chances for greater success?

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