Using dialogic web site design to encourage effective grantor-grantee relationships

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Abstract

The relationship that occurs between grantors and grantees in the grant-making process may be complicated by numerous factors, among them a reluctance by independent foundation grantors to communicate with their potential grantees. Yet a willingness to communicate—to engage in building dialogue as suggested by Kent and Taylor (2002)—and provision of transparent information to grantees could alleviate some frustrations inherent in the grant making process for both grantors and grantees. This study investigates the extent to which independent foundation grantors are willing to engage in dialogue with potential grantees as indicated through transparent web site features. Through analysis of 106 independent foundation web sites, the study examined features that correspond with the five elements of dialogic communication proposed by Kent and Taylor (2002). Each of these features, in turn, was examined for level of transparency, for example, was the information clear, easy to find, and located on the homepage or further into the site. In general, independent foundations with web sites had a greater than 50% propensity for dialogue (52.6%). Results indicate that independent foundation web sites contain many of the design features and information that can help build more effective and efficient grantor-grantee relationships through propensity for dialogue.[1]

Introduction

It is part of the nature of the Third Sector that nonprofit organisations must continually seek funds from a variety of sources to ensure the operation of program services. Though individuals provide the greatest amount of support through contributions and fee-for-service, grants provide a significant alternate source of funds. While grantors may be governmental agencies, or corporate, community, or independent foundations, this study concentrated on independent foundations and the charitable organisations they support, referred to as nonprofits or grantees. Such grantees are what Fleishman (2007) described as operating nonprofits – those that provide program services. In an interesting quirk of the US Internal Revenue Service (IRS) Tax Code 501(c)3 both independent foundations and the charitable organisations they support are classified as nonprofit organisations.

The relationship that occurs between these grantors and grantees in the grant making process may be complicated by a variety of factors, among which may be a reluctance to communicate by independent foundation grantors with their potential grantees. Other complicating factors include each organisation's quest for increased effectiveness, efficiency of operation, and accountability.

Independent foundations, under scrutiny from the government, the media, and a skeptical general public, have been pressed to demonstrate greater accountability and transparency in their funding, resulting in increased pressure on grantees to provide significant evaluation and measurement of programs (Eisenberg, 2005, 2006; Massoka & Peters, 2005; Raymond, 2004). Nonprofit organisations seeking funding and struggling with the ever-present need to supplement income from fees and other sources, seek grants from the government and business sectors as well as foundations, and use valuable staff time to develop the individualised and often

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complex grant proposals required by grantors (Project Streamline, 2008).

The relationship is further complicated by the potentially conflicting strategy and goals of the independent foundation versus those of the nonprofit grantee. Both the foundation and the nonprofit organisation have missions to serve and boards to whom administrative staff must account. Ideally, there should be a good fit between foundation and nonprofit organisation mission and goals, however compromise is often necessary. Bailin (2003) noted that the nonprofit way of doing business to achieve the outcomes desired by the foundation, had "among its hallmarks, constant wheedling and negotiations with grantees – a tug here and prod there, compromise a little on this issue, strong-arm them hard on that one" (p. 67). He added that, "[m]uch of the time, the end result was not much more than the reluctant implementation of a compromised idea" (p. 637).

Among the factors that hamper effectiveness in the grant making process on the side of the independent foundations are a lack of administrative resources, poorly developed or incomplete applications, requests that do not match guidelines, and volume of requests. On the side of the grantees, effectiveness is hampered by lack of administrative resources, ambiguous grant guidelines, poorly defined areas of grant support, the need to re-submit completely new applications for repeat grants, lack of evaluative ability and/or evaluative resources, and volume of information required (Project Streamline, 2008).

A recent study by Project Streamline, a collaborative initiative of the Grants Managers Network, in partnership with such organisations as the Foundation Center, the National Council of Nonprofit Associates, the Council on Foundations, and the Association of Fundraising Professionals, highlighted these concerns in Drowning in Paperwork, Distracted from Purpose (2008). The report indicates that "the average amount of time spent on the grant proposal creation and application/selection process is 27.45 hours per grant, with a median of 20 hours" (p. 13).

Yet both foundations and their nonprofit counterparts struggle with a lack of administrative resources. According to FC Stats (The Foundation Center's Statisitical Information Service, 2010a), there are approximately 67,000 independent foundations. Yet FC Stats (The Foundation Center's Statisitical Information Service, 2010b) also noted that the median number of staff reported for foundations with assets of less than $5 million is just one person. Foundations with assets greater than $10 million reported a median of just two staff members. The average staff numbers were two and two and a half staff members for the smaller and larger groups, respectively. As Fleishman (2007) notes, "Most of these foundations are small and unstaffed, but a few are large and powerful by national and global standards" (p. 27).

Likewise, according to Blackwood, Wing and Pollak (2008), most nonprofits are small. More than 73% of reporting public charities reported annual expenses of less than $500,000 in 2005. Less than 4% of reporting public charities had expenses greater than $10 million (p. 3).

Decreasing the time spent on unnecessary questions and paperwork could save both independent foundations and nonprofit organisations valuable administrative time, thereby increasing the effectiveness of operations for each. This is not news to the foundations or their grantees. Of the respondents to Project Streamline's (2008) survey, 80% indicated that they were taking measures to improve the efficiency of their grant making process and of those, nearly 67% intended to streamline the process by using their web sites to post applications and guidelines (p. 17).

However, the researcher argues that merely placing information online will not necessarily improve the effectiveness of the grant making process. Unless the information provided on the web site is transparent, in other words that adequate information is provided, that it is clear, easy to find, and prominently located within the site, the grantor-grantee relationship will not be improved and may in fact be made more frustrating.

Further, not all independent foundation grantors are interested in improving the effectiveness of the grant making process, nor are they interested in building relationships with existing or potential grantees. These grantors operate in what Gronbjerg, Martell, and Paarlberg (2000) call a closed system wherein grantors continue to fund only pre-existing grantees, or the two-step competitive system wherein they entertain requests from pre-existing grantees who then compete for funds but in a much smaller market than if new and unknown grantors were allowed to participate in the process.

While there may be many closed system types of foundations, the Project Streamline (2008) study indicates that there are also many foundations interested in improving the effectiveness of the grant making process and that they see improved communication, provision of information, and building relationships as key to that end. These organisations were seeking streamlining strategies that would "Free both nonprofits and foundations to focus on building relationships and answering deeper questions about goals and outcomes" (p. 26).

For these organisations, communication, or the willingness to communicate as indicated through a propensity for dialogue, may mediate the difficulties inherent in the grantor-grantee relationship and encourage increased effectiveness in the grant making process. As such, the purpose of this study was to investigate the extent to which independent foundation grantors exhibited willingness to engage in the dialogic process with potential grantees as indicated through the provision and level of transparent web site design features.

Literature review

Nature of the grantor-grantee relationships

A review of the literature shows that the grantor-grantee relationship has been conceptualised in a number of ways, most frequently as either a resource-dependent relationship or as a collaborative, mutually beneficial relationship (Fairfield & King, 2008; Shaw & Allen, 2007; Zweibel & Golden, 2007).

As Zweibel and Golden (2007) indicate, resource dependency theory contends that the relationship is asymmetrical with one partner dependent on the other for provision of resources (p. 42). Proponents of this theory argue that independent foundations, as holders of the wealth, hold dominance in the relationship and that such dominance can place unfair direction or constraints on the nonprofit partner.

Describing the relationship as "audit based'" rather than resource dependent, Shaw and Allen (2007) argued that such a relationship does not allow operational nonprofits full scope to carry out social good. Such a culture, they say, focuses on the measurable outputs provided by nonprofits, yet such measurement does not consider the "largely intangible social processes that are the domain of nonprofit service providers, such as community development and involvement" (p. 212). Campbell (2002) would agree. He argued that it is difficult to measure the larger, community-wide effects that may result from nonprofit programming, yet to measure only the narrow, project-specific goals may not do justice to the overall impact of the organisation's program services.

In contrast to this resource dependent, audit type relationship, others contend that the grantor-grantee relationship is symmetrical and mutually beneficial. They argue that both independent foundations and grantees are nonprofit organisations with missions and organisational goals. The independent foundation, as a non-operational type of nonprofit, is dependent upon its grantees to carry out the work within society that allows both the foundation and grantee to meet their goals. Such a relationship can also be described as reciprocal, collaborative, or as a partnership.

As Zweibel and Golden (2007) noted, such a relationship provides benefits for both partners: "grant seekers receive necessary funding, authentication of programs, and reliability of organisational goals, while funders fulfil their mission by responding more effectively to needs within the community" (p. 45).

The collaborative, mutually beneficial relationship can provide greater efficiency and effectiveness in the grant making process and the provision of program services when both parties are transparent in their communication.

Fairfield and Wing (2008) supported collaborative relationships; however, they noted that such partnerships are often difficult to achieve. They argued that collaboration allows grantees to benefit from advice or assistance from the funder when faced with program challenges or disappointing results. Such openness benefits both independent foundation and grantee as it provides the opportunity to make alterations and adjustments to the program.

Raymond (2004) agreed, stating, "When charity between giver and receiver is replaced by partnerships of mutual interest, the result might be both greater stability of relationships and greater, not weaker, trust…Communication is served by openness and transparency" (p. 98). In contrast, lack of an open, collaborative partnership can result in less than transparent reporting and less effective program services.

Transparency

The word transparency has been used by scholars as it relates to various aspects of business management from crisis and employee management to the role of the CEO in transparent communications (Bennis, Goleman, & Biederman, 2008; Scott, 2004). To be transparent, has been defined in part by the Merriam-Webster dictionary (2008) as being readily understood and "characterised by visibility or accessibility of information, especially concerning business practices". Further, Bennis et al. (2008) defined transparency as "the free flow of information within an organisation and between the organisation and its many stakeholders, including the public" (p. 21).

Advocates of the importance of online communication contend that the Internet provides the ultimate aid to transparency and the free flow of information, while others suggest that the volume of information available does not necessarily mean that such information is any clearer (Bennis, et al., 2008).

A review of the literature illustrates dimensions of transparency that range from opacity to transparency. "Opaque" communication entails making information available, but not disseminating the information to stakeholders. Such activity provides information but does not provide communication and it does not engender greater clarity or understanding within the organisational-stakeholder relationship (Christensen, 2002).

Truly transparent communication, on the other hand, provides information, communicates such information as clearly and accurately as possible, and seeks feedback from stakeholders (Bandsuch, Pate, & Theis 2008; Gully, Stainer, & Stainer 2006). Such transparency provides the basis for the development of dialogue, which in the grantor-grantee relationship can result in more effective provision of program services aimed at greater societal good.

Dialogic Theory and Web site design

Dialogic theory, as described by Kent and Taylor (2002) conceptualises dialogue not as a process of communication but rather as the product of communication. Dialogue implies a willingness to communicate. It is a process of negotiation in communication, created over time through a dialogic "loop" (Kent & Taylor, 1998).

For independent foundations and their grantees, the Internet provides a platform on which the potential for dialogic communication and consequently, effectiveness, can be built. However, merely creating a web site will not in itself improve communication. If not constructed properly, with clear, user-friendly features and modes of interactive feedback, the site may instead create increased frustration and lost time for potential grantees. As Kent, Taylor, and White (2003) suggested, "Organisations should be strategic in the design of their Web sites to improve responsiveness to stakeholder information needs" (p. 64).

Capriotti and Moreno (2007) distinguished between two levels of interactivity on organisational web sites. The first level merely provides information, while the second level tries also to develop relationships through the use of dialogic components. Such levels relate closely to the aforementioned types of transparency in communication – that which provides information but does so without attempts to make such information as clear and comprehensive as possible, and that which provides accurate, clear and relevant information, with methods for receiving feedback.

Yet the web site itself does not provide communication, merely information. As Kent and Taylor (1998) explained, technology does not create or maintain relationships. It is how the technology is utilised that "influences organisation-public relationships" (p. 324). Supporting this view, Hill and White's (2000) research indicated that the Internet was seen as complementary to face-face communication, particularly for its e-mail function that facilitated communication at any time (p. 42). The use of this dialogic tool improved an existing organisation-public relationship.

Building on their earlier work, Kent and Taylor (2002) identified five features of dialogic theory: mutuality, propinquity, empathy, risk, and commitment. These five elements provide a broad framework that support an organisation's willingness to communicate or propensity for dialogue.

Mutuality is characterised by the willingness to be a partner, or enter into a collaborative relationship (Kent and Taylor, 2002). Propinquity, relates to temporal flow or the relationship as it exists in various points of time – past, present, and future. Empathy maintains supportiveness for the partner and a confirmation of their goals and interests. The fourth element, risk, involves a willingness to interact with partners, individuals, or publics, on their own terms, while the fifth element, commitment, means exactly that – the extent to which the organisation gives itself over to the relationship (p. 24-25).

Propensity for dialogue

Independent foundations and their nonprofit grantees have expressed the need for greater effectiveness in their relationships. As such, the purpose of this study was to explore how the propensity for dialogue, as indicated through transparency of web site design and information, can facilitate communication and greater effectiveness in the grant making process.

As such, the five elements of dialogic theory as defined by Kent and Taylor (2002), mutuality, propinquity, empathy, risk, and commitment, were operationalised by identifying potential web site features and grouping them within the dialogic categories under which the researcher felt they best fit. The web site features were then operationalised to determine the overall transparency of these features as an indicator of willingness to communicate and potential for dialogue between independent foundations and their nonprofit grantees.

According to Kent and Taylor (2002) mutuality is characterised by the willingness to be a partner, or enter into a collaborative relationship. If a grantor favours a closed system approach to communication, then they would be unlikely to create or provide information on an organisational web site because they are not willing to be a partner with or enter into new collaborative relationships. Others, however, might be more willing to entertain the idea of such relationships and may actively seek the possibilities of new grantee relationships. The presence or absence of a web site, therefore, lends itself to the concept of mutuality and is the first of two measures for this element. The second measure of transparency used to operationalise mutuality was the presence of a mission statement within the organisation web site. The mission statement was seen as providing a clear indication of the organisation's overall focus and therefore clear indication to potential grantees of the types of programs or organisations that might be suitable grantees. Both the establishment of the organisational web site and the statement of organisational mission were seen by the researcher as administrative functions; therefore, foundations with larger assets and therefore larger amounts of annual giving, will be more likely to indicate high levels of transparency in the operationalised web site features and therefore higher levels of propensity for dialogue through mutuality than their smaller counterparts:

H1: The larger an independent foundation's level of annual giving, the higher its propensity for dialogue through mutuality will be.

According to Kent and Taylor (2002) propinquity relates to the past, present and future. As such the propinquity was operationalised for transparency using three web site features: the presence of an annual report (past), news, (present) and frequently asked questions FAQs (future). Once again, as these web site features require advanced administrative support, those foundations with lesser administrative support would have less ability to maintain such features:

H2: The larger an independent foundation's level of annual giving, the higher its level of propinquity will be.

Empathy was analysed against the greatest number of transparency aspects. Defined as above, empathy involves thinking about the potential needs of and support for the grantee. As such, features relating to the grant-seeking process were considered as aspects of empathy. Because the presence of information relating to the grant making process online has the potential to reduce administrative burdens, the following hypothesis was framed:

H3: Size of annual giving is not related to the overall empathy of independent foundation grantors.

Since providing detailed contact information is likely to encourage personal contact and, therefore, risk, this information was categorised as measuring the level of risk independent foundations were willing to place in the relationship. Also included here were information request forms and a blog format. Though personal contact could be related to administrative resources, the researcher determined that such contact related more to the overall environment of the organisation, therefore:

H4: Size of annual giving is not related to the overall openness to risk of independent foundation grantors.

The final element in dialogic communication is the extent to which the foundation expresses commitment to the relationship. As such, the presence of the IRS Form 990, a list of trustees, and a list of staff were considered as defining the level of commitment independent foundations expressed through their web sites. Since larger organisations spend more money and may have correspondingly large salaries for management, and since such salaries may encourage negative public scrutiny, the following hypothesis was framed:

H5: Size of annual giving is related to the overall commitment values of independent foundation grantors.

Method

Dialogic theory provides a framework around which an evaluation of the willingness of independent foundations to enter into relationship building with potential grantees can be focused. The five elements of dialogue identified by Kent and Taylor (2002) provide the basis for operationalising potential web site features for their level of transparency, which in turn indicates the organisation's propensity for participating in each of the individual elements of dialogic theory.

For the purposes of this study, the five features of dialogic theory – mutuality, propinquity, empathy, risk, and commitment – were operationalised for transparency using 18 informational or feedback items that could be included on independent foundation web sites. Fifteen of the items were measured by location on the homepage, or distance in "clicks" from the homepage, while three others required yes or no type answers and the final item considered which of eight possible levels of detail were provided for contact information. Two web site features were used to measure mutuality while three features each measured propinquity, risk, and commitment. Empathy was measured through seven web site features. Four demographic items were also coded, such as priority of funding, annual size of granting, and location by state.

Web sites were analysed for information relating to independent foundations' primary sources of funding interest. Seven broad categories based on CECP's (2008) corporate giving standards were used to categorise first, second, and third funding priorities. Funding priorities were determined by the order in which they were listed either in list format or sentence format on the webpage. Each ranking was then weighted: primary receiving five points, secondary receiving three points and tertiary receiving one point. Table 3 illustrates the weighted importance of funding areas by independent foundation size.

Content analysis method

Analysis was conducted by the researcher and a second coder. Using a codebook designed by the researcher for the purposes of this study, the two coders conducted a pre-test of a random subset of the full sample. Twenty-five foundations (23.5% of total sample) were analysed, twelve of which had web sites. Following the pre-test, the codebook was clarified and some items were removed from consideration due to redundancy. Final intercoder reliability using Holsti 's (1969) formula was 79%. Using Cohen's Kappa (1960) overall reliability was 51% with agreement by variable ranging from a high of $k < 0.888$ to a low of $k < -0.091$. However, as noted by Feinstein and Cicchetti (1990) there can be high agreement between coders and a low kappa score (p. 543). In the case of this study, three variables with binary choices (1 = yes and 2 = no) had near perfect agreement between coders, yet received low kappa scores (web site, $k<0$), (information request form, $k<0.143$), and (blog, $k<0$), lowering the overall kappa score.

The sample

Using the most recent US Department of Commerce, Economics and Statistics Administration's (2000) census data, twelve states and the District of Columbia (DC), representing the East South Central and South Atlantic divisions, were chosen for study: Maryland, Delaware, Washington, DC, Virginia, West Virginia, North Carolina, South Carolina, Kentucky, Tennessee, Alabama, Mississippi, Georgia, and Florida. The sample of states was chosen because it represented just less than 24 % of the total possible (50 states plus DC) and because foundations in this geographic area were unfamiliar to the researcher.

During the month of November 2008 and using the Grantsmanship Center's (2008) on-line resource www.tgci.com a list of the 40 top foundations for each state and the District of Columbia was considered for a total population of 480 possible foundation web sites. Business foundations and community foundations were removed from the list and a stratified sample of six foundations from each state was initially selected (72 in total) – two from the top of the list, two from the middle, and two from the bottom.

Following the initial selection, the foundations were categorised by the total amount of their annual giving (larger than $10 million, between $5 to 10 million, between $1.49 to 5 million, between $500,000 and $1.49 million, and less than $500,000). The foundations were categorised by amount of annual giving rather than by asset size because the Grantsmanship Center's (2008) online database uses that criteria to organise foundations. Because of discrepancies between states as to the highest and lowest amounts of annual granting by independent foundations listed in the top 40 there was an initial imbalance. A second search was made and an additional 34 independent foundations added to the sample to balance both the number of web sites analysed by state and the number of web sites analysed by level of annual giving. The final sample size was 106 independent foundation grantors. The number of independent foundations analysed and the number of web sites found by state and the District of Columbia are listed in the following section.

Results

Demographics

Of the 106 independent foundations studied, 52 (49%), had web sites. The percentage of web sites found by state varied from a low of zero (no web sites available for foundations analysed) in Delaware to a high of 78% for North Carolina (seven out of nine foundations analysed had web sites). Georgia and Florida fell just behind North Carolina with 75% each.

Table 1 presents the state-by-state numbers of foundations included in the study and the number and percentages with web sites.

Table 1: Number and Percentage of Independent Foundation Web sites Found by State

	Number of Independent Foundations	Number of Web sites	Percentage with Web sites
Maryland	6	4	66.6
Delaware	8	0	0
Washington, DC	11	7	63.6
Virginia	9	3	33.3
West Virginia	7	1	14.2
North Carolina	9	7	77.7
South Carolina	8	4	50.0
Georgia	8	6	75.0
Florida	8	6	75.0
Kentucky	9	3	33.3
Tennessee	9	6	66.6
Alabama	8	3	37.5
Mississippi	6	2	33.3
TOTAL	**106**	**52**	**49.0**

Compared with information from FC STATS (The Foundation Center's Statistical Information Center, 2008), the percentage of web sites found is high. As presented in Table 2, results of this study showed that more than 37% of foundations with funding levels less than $500,000 had a web presence. By extrapolating the giving amounts as approximately 5% of asset size (the minimum yearly payout required under IRS Code 501(c)3 for independent foundations), the numbers in this sample are higher than those of FC STATS' (The Foundation Center, 2008) study that indicated foundations with assets between $10 and $25 million had a 19.5% web site presence.

Table 2: Web sites by Funding Size

		Number of web sites N = 52	Percentage
> $10m	[n=19]	13	68.4
$5m - $10m	[n=23]	12	52.1
$1.5m - $4.99m	[n=22]	11	50.0
$5k – $1.49m	[n=20]	10	50.0
<$500k	[n=22]	6	37.5

Priority of Funding Areas

Each site was analysed for its top three funding priorities. Each ranking was then weighted: primary receiving five points, secondary receiving three points and tertiary receiving one point. Table 3 indicates the total score received by category when weighted values were compiled.

Education received the highest weighted score for importance in funding, however, independent foundations in the two categories ranging from $5m to greater than $10m in annual giving, ranked public service/societal benefit highest. Religion was considered least important, with Healthcare appearing at about the median and Arts & Humanities and Environment at the low end of importance.

Table 3: Total Scores: Weighted Importance of Funding Areas by Foundation Size

	Health-care	Education	Arts & Humanities	Human Services	Public Service/ Societal Benefit	Religion	Environ-ment
>$10m	13	23	3	23	31	6	9
$5m - $10m	23	24		24	31	9	6
$1.5m - $4.99m	18	27	9	9	20	1	15
$5k – $1.49 m	7	47	16	4	9	5	2
<$500k	6	13	5	12	15		3
TOTAL	**67**	**134**	**33**	**72**	**106**	**21**	**35**

Overall Propensity for Dialogue

Table 4 illustrates the overall propensity for dialogue of those foundations that had web sites (n = 52). The web site features comprising each of the five dialogic elements were grouped and scores averaged to provide an overall propensity rating for each element. In general, independent foundations with web sites had a greater than 50% propensity for overall dialogue as indicated by the level of transparency of individual web site features (52.6%). While 52.6% overall propensity for dialogue is not high, it indicates willingness by independent foundations with web sites to provide features that would both increase efficiency and develop symmetrical relationships.

Table 4 lists the individual web site features analysed. Two features require further explanation: web site presence was determined by the examination of 106 independent foundations, 52 of which had a web site presence. Secondly, contact information in Table 4 was quite general. This feature is explored in depth in Table 4.

Table 4: Propensity for Dialogue Based on Levels of Transparency of Specific Web Site Features – Occurrence by Web Site Presence

Element	# Sites Possessing web site feature n = 52	Percentage	Propensity for element of Dialogue
Mutuality			*59.1*
Web site presence [n=106]	52	49.0	
Mission Statement	36	69.2	
Propinquity			*37.8*
FAQs	16	30.7	
News	21	40.3	
Annual Report	22	42.3	
Empathy			*74.7*
Funding Philosophy	46	88.4	
What We Fund	43	82.6	
What We Do Not Fund	20	38.4	
Grant Guidelines	44	84.6	
Grant Application	40	76.9	
Grant Deadlines	42	80.7	
Sample of Prior Grants	37	71.1	
Risk			*46.1*
Contact Information	52	100.0	
Information Request Form	19	36.5	
Blog	1	1.9	
Commitment			*45.5*
IRS Form 990	8	15.3	
Trustees	33	63.4	
Staff	30	57.6	
	Total Average Propensity for Dialogue		**52.6**

Mutuality

Table 4 shows that, overall, mutuality received the second-highest rating for elements of dialogue with a score of 59%. By foundation size, mutuality scored lowest (66.6%) with the smallest funders and highest (80.0%) with the second-smallest funders. The largest foundations placed in the center of the spread. As such, H1 is not supported – independent foundations with higher levels of annual giving do not have higher overall levels of mutuality than those who give less.

Table 5 presents the breakdown of the five dialogic elements by foundation giving size. Numbers in this table refer to those web site features with a presence on the homepage only. Features that required multiple "clicks" from the homepage are not included.

Table 5: Propensity for Dialogue by Annual Giving Size of Independent Foundations

	> $10m n = 13	$5m - $10m n = 12	$1.5m - $4.99m n = 11	$5k – $1.49m n = 10	< $500k n = 6
Mutuality					
Web site presence **Mission Statement**	19/26 = 73.0%	19/24 = 79.1%	15/22 = 68.1%	16/20 = 80.0%	8/12 = 66.6%
Propinquity					
FAQs **News** **Annual Report**	15/39 = 38.4%	10/36 = 27.7%	6/33 = 18.0%	6/30 = 20.0%	4/18 = 22.2%
Empathy					
Funding Philosophy **What We Fund** **What We Do Not Fund** **Grant Guidelines** **Grant Application** **Grant Deadlines** **Sample of Prior Grants**	30/91 = 32.9%	35/84 = 41.6%	39/77 = 50.6%	22/70 = 31.4%	12/42 = 28.5%
Risk					
Contact Information **Information Request Form** **Blog**	19/39 = 48.7%	17/36 = 47.2%	15/33 = 45.4%	12/30 = 40.0%	9/18 = 50.0%
Commitment					
IRS Form 990 **Trustees** **Staff**	10/39 = 25.6%	8/36 = 22.2%	8/33 = 24.2%	5/30 = 16.6%	4/18 = 22.2%
Average Propensity for Dialogue by Size	**43.9%**	**44.9%**	**43.3%**	**37.6%**	**40.1%**

Propinquity

As shown in Table 5, propinquity, measured by the features of news, FAQs, and the annual report, had considerably lower scores for independent foundations with funding levels less than $5 million than those with higher funding levels. Overall, the annual report was the most likely of the three to be present on the web site. Though no category scored as high as 40% for propinquity, those in the largest and second largest granting categories category came nearest had the highest scores. As such, H2 is supported – independent foundations with higher levels of annual giving exhibit higher levels of overall propinquity than their smaller counterparts.

Empathy

Of the web site features relating to empathy, independent foundations were most likely to include their funding philosophy and least likely to include a section detailing what they do not fund. Table 6 shows the use of present/not present to consider transparency elements. Analysing the data, it was determined that the foundations with the largest funding size place more of the empathic features further from, but within two "clicks" of the homepage. The $1.49 to $5 million category presents the opposite scenario with more empathic features present on the homepage than further into the site. Overall, this middle category scored 50.6%, with the largest foundations receiving only 32.9%. As a result, H3 is supported – the amount of annual giving by independent foundation grantors does not influence the overall rating for empathy.

Table 6: Elements of Transparency Present by Independent Foundation Funding Amount

	> $10m n = 13	$5m - $10m n = 12	$1.5m - $5m n = 11	$5k – $1.5m n = 10	< $500k n = 6
Mutuality					
Web site presence	13	12	11	10	6
Mission Statement	6(7) -- 3(10)	7(5) -- 3(9)	4(7) -- 2(9)	6(4)-2(8)	2(4) -- 1(5)
Propinquity					
FAQs	4(9) -- 2(11)	3(9) -- 3(9)	0(13) -- 2(9)	1(9)	0(6) -- 1(5)
News	7(6)	4(8) -- 2(10)	3(8) -- 1(10)	1(9)	3(3)
Annual Report	4(9) -- 4(9)	3(9) -- 1(11)	3(8) -- 2(9)	4(6)	1(5)
Empathy					
Funding Philosophy	8(5) -- 3(10)	10(2)-- 2(10)	8(3) -- 3(8)	6(4) -- 3(7)	3(3) -- 2(4)
What We Fund	5(8) -- 3(10)	6(6) -- 3(9)	8(3) -- 3(8)	4(6) -- 3(7)	1(5) -- 4(2)
What We Do Not Fund	1(12)-- 2(11)	2(10) -- 5(7)	3(8) -- 2(9)	1(9) -- 3(7)	0(6) -- 1(5)
Grant Guidelines	4(9) -- 8(5)	6(6) -- 5(7)	7(4) -- 3(8)	3(7) -- 3(7)	1(5) -- 4(2)
Grant Application	3(10) -- 9(4)	3(9 -- 7(5)	4(7) -- 5(6)	1(6) -- 2(8)	3(3) -- 3(3)
Grant Deadlines	2(11)-- 10(3)	4(8) --7(5)	5(6) -- 5(6)	1(9) -- 3(7)	1(5) -- 4(2)
Sample of Prior Grants	7(6) – 4(9)	4(8) -- 4(8)	4(7) -- 2(9)	6(4)	3(3) -- 3(3)
Risk					
Contact Information	13(0)	12(0)	11(0)	10(0)	6(0)
Information Request Form	5(8)	5(7)	4(7)	2(8)	3(3)
Blog	1(12)	0(12)	0(11)	0(10)	0(6)
Commitment					
IRS Form 990	2(11)-- 2(11)	1(11)-- 1(11)	1(10)	1(9)	0(6)
Trustees	4(9) -- 5(8)	3(9) -- 4(8)	4(7) -- 3(8)	3(7) -- 3(7)	3(3) -- 1(5)
Staff	4(9) -- 4(9)	4(8) -- 4(8)	3(8) -- 4(7)	1(9) -- 4(6)	1(5) -- 1(5)

Note: Findings are presented in a present/not present format. Where there are pairs of present/not present the first represents a homepage presence, the second represents a presence within two or three 'clicks' of homepage.

Risk

Though the overall rating for risk was 46% as shown in Table 4, it is tempered by levels of contact information. All web sites except one had some form of contact information, resulting in a high score for that feature. However, the level of such information varied from greatly detailed to generic. Nonprofit grantees have indicated that the relationship component of the grant-seeking process is most important. As Project Streamline (2008) indicates: "Research has shown that nonprofits value clear communication and relationships above all else in their interaction with funders" (p. 17). As such, the level of contact information (Table 7) was considered central to evaluation of risk as a transparent feature for this dialogic element.

Table 7: Contact Information – Occurrence by Detail Level

	> $10m	$5m - $10m	$1.5m - $4.99m	$5k – $1.49m	< $500k
	n = 13	n = 12	n = 11	n = 10	n = 6
Contact Name, Title, Address, Telephone, Email	4 = 30.7%	2 = 16.6%	8 = 72.7%	4 = 40.0%	1 = 16.6%
Contact Name, Address, Telephone, Email	0	1 = 8.3%	0	0	2 = 33.3%
Contact Name, Address, Telephone	1 = 7.6%	0	0	1= 10.0%	1 = 16.6%
Contact Name, Address, Email	0	0	0	1= 10.0%	0
Contact Name, Address	1 = 7.6%	1 = 8.3%	0	1= 10.0%	0
Generic Company, Address, Telephone, Email	5 = 38.4%	5 = 41.6%	3 = 27.2%	1= 10.0%	2 = 33.3%
Generic Company, Telephone	1 = 7.6%	1 = 16.6%	0	1= 10.0%	0
Generic Company, Email	1 = 7.6%	1 = 16.6%	0	1= 10.0%	0

Interestingly, if foundation grantors provided a contact name, then they were apt to include the maximum detail. Most surprisingly, the categories of the foundations with largest amounts of annual giving feature a contact name less than 50% of the time, while the smaller foundation categories included a contact name a minimum of 66.6% of the time. Therefore, H4 is not supported – Independent foundations' amounts of annual giving did have an impact on the propensity for risk in independent foundations.

Commitment

As shown in Table 4, none of the categories of independent foundations scored very high with propensity towards commitment. It was ranked the lowest overall of all dialogic elements. Of the web site features analysed as aspects of commitment, independent foundations were most likely to include a list of trustees, followed by staff directories, and finally by the IRS Form 990.

Overall, scoring across the categories on commitment was fairly consistent, as show in Table 5. The second-smallest category of annual giving from $500,000 to $1.49 million received the lowest score and the largest category of annual giving had the highest score (25.6%); however, the others were close behind in the 22 to 24% range. As such, H5 is not supported. Amount of annual giving by independent foundations does not appear to have an impact on foundations' overall propensity towards commitment to dialogic communication.

Discussion

This study proposed that a willingness to communicate, to engage in building dialogue, as suggested by the work of Kent and Taylor (2002) and the provision of transparent information to grantees could alleviate much of the frustrations inherent in the grant making process for both grantors and grantees. As such, the purpose of this study was to investigate the extent to which independent foundation grantors were willing to engage in the dialogic process with potential grantees as indicated through the provision of transparent web site design features.

Each of the subsequent five hypotheses related in some way to whether there were differences in propensity for each dialogic element based on size of organisation. Three of the five hypotheses were rejected and two failed to be rejected. It would appear therefore, that size of foundation has little bearing on the extent to which it is willing or able to enter into dialogue with potential grantees. This should not be a surprise to researchers since, as noted in the introduction, foundations of all sizes struggle with lack of administrative resources. In fact, according to the Foundation Center (2008a) the average staff numbers were two and two and a half staff members for the smaller and larger foundation groups, respectively.

The overall propensity for dialogue as indicated by individual dialogic elements varied from a low of 38% for propinquity, to a high of 75% for empathy. Reviewing the web site features identified as indicators of transparency and propensity for dialogue provides some insight into the discrepancy between these two. Propinquity sought features that could easily be considered optional by those developing foundation websites – frequently asked questions, a news section, and the annual report. Conversely, empathy sought information that would be more likely to be considered essential to developers of the foundation website – information relating to the grant making process. As such, it is not surprising that propinquity scored half as strongly for propensity for dialogue as empathy.

It is also not surprising that of the 18 web site elements investigated for transparency, the blog feature scored lowest. Though increasingly found on web sites, this feature is still emerging in importance and visibility as a central component to be included in web site design.

Excluding blogs, the next lowest web site element to be included in those web sites analysed was the US IRS Form 990. In a period in world history where there have been many major transgressions by for profit and nonprofit organisations and correspondingly increased demands for transparency and openness in organisational behaviour, particularly with regard to financial information, it is striking that so few independent foundations provide the US IRS Form 990 on their web sites. The form is public record for nonprofit organisations, including independent foundations and foundations are required to provide the information if it is requested. It would be better for building trust and credibility among these organisations if the information were made prominently available online.

As an indicator of propensity for dialogue, the absence of the US IRS Form 990 appears to indicate that foundations are willing to provide information specific to the grant making process and less willing to provide information about themselves. In other words, independent foundations are willing to enter into dialogue with some publics on some topics, for example potential grantees and funding, and less willing to enter into dialogue with other publics on other topics, for example, the media and foundation finances.

Since Kent and Taylor (1998) proposed their original framework for developing relationships with internet publics through web site design features that included a dialogic loop, usefulness of information, and ease of interface, scholars have examined the structure of and function of web site design as it relates to various publics (Capriotti & Moreno, 2007; Yeon, Choi, & Kiousis, 2005). This study built upon later work by Kent and Taylor (2002) that furthered their exploration of dialogue based upon five elements – mutuality, propinquity, empathy, risk, and commitment.

In their study, Capriotti and Moreno (2007) found that the provision of information on web sites was "Mainly unidirectional/expositive function, focusing on the presentation of the information content" (p. 89). Unlike Capriotti and Moreno's (2007) study, the examination of independent foundation websites undertaken here did not look for interactive web site features but rather focused on the potential for dialogue exhibited by these foundations through the inclusion of certain web site design features.

Kent, Taylor, and White (2003) indicated that, "the more dialogically oriented an organisation 'appears,' then the more likely that organisation is to actually respond to stakeholder information seeking behaviors" (p. 72). As such, it would follow that those independent foundations that scored highest for transparency in web site features and therefore highest in propensity for dialogue, would also be more likely to engage in communication with their potential grantees.

Limitations and future research

This study is limited by its structure – as a content analysis it does not explore dialogic exchanges, for example by requesting information from potential grantors and analysing the results. It is also limited by the fact that it merely skims the surface of the potential depth of this subject matter. While it is helpful to investigate which web site features are present and where they are located within the site, it would be much more useful to investigate the quality and depth of information and web site features. Such quality could be evaluated by depth of information, quality of information, or through the five-point framework suggested by Kent and Taylor (1998) that includes consideration of web site interface and usefulness of information.

The study is also limited by geographic constraints -- examination of foundations from other geographic areas might produce different results. Further, the number of sites analysed was just 106. A larger sample might again produce different results and implications.

Using information from the study reported here, further research could investigate, through requests for information, whether those independent foundations whose propensity for dialogue were highest, have in fact, a greater propensity for response to requests than those with lesser propensity.

Any of the five dialogic components investigated could be researched in different populations and in more depth. Foundations in other parts of the country might differ and a larger sample size could result in different, or clearer delineation, of dialogic aspects.

In the area of risk, further research into the levels of contact information provided could provide interesting insight into development of relationships between independent foundations and their nonprofit grantees. Explanations could be sought through interviews with foundation staff of the rationale behind the frequent lack of depth to contact information provided on independent foundation web sites.

While this study investigates the overall willingness of independent foundations to communicate via the Internet based on dialogic principles, it does not go into detail with regard to the format and transparency of grant guidelines and applications. A brief review of the guidelines and applications while conducting this study revealed a general vagueness in guidelines as well as burdensome requirements for the types of information that grantees find frustrating such as tax forms and a formal budget. By using information from this study, further research could be done to investigate the detail of transparency occurring on those web sites containing grant guidelines and applications. Such research could provide the basis for a best practices approach for improving the effectiveness of the grant making process.

Further, it would be interesting to discuss with organisations that ranked high for overall propensity for dialogue why certain elements, like the US IRS Form 990 are missing from their web sites. It would also be helpful to discover the thought process behind development of these top sites, and whether such organisations have experienced greater grantee satisfaction.

Conclusion

Much of this study has focused on the features and characteristics of independent foundations that were found to have web sites. However, what is also interesting is the number of foundations analysed that did not have a web site presence. The original population from which the sample was drawn represented the 40 top foundations for eleven states and the District of Columbia. From a sample of 106, less than half of these top foundations had a web site.

Foundations are nonprofit entities with special tax status. As explained by Kelly (1998) such status comes with restrictions against "excess business holdings, a minimum payout requirement, [and] an excise tax on investment income" (p. 575). Further, individuals may give up to 50% of adjusted gross income (AGI) to operating nonprofits and only 30% of AGI to independent foundations (Kelly, 1998). Despite these restrictions, independent foundations operate primarily tax-free. As such they are accountable not only to their trustees but to the public. The fact that so few provide information that is easy to access has concerning implications not only for potential grantees but also for the general public.

On a positive note, nearly 50% of the independent foundations analysed exhibited some propensity for dialogue. While this may indicate that many foundations are following the closed system approach to communication, it also indicates that some foundations are moving into a more symmetrical mode of communication.

This study has shown that independent foundation web sites contain many of the dialogic elements that can help to build a more effective grantor-grantee relationship. Those independent foundations with web sites appear open to relationship building. They have made a good start, but there is a great deal more that could be done, primarily in the amount of information provided. Particularly lacking are the US IRS Form 990s, annual reports, and detailed contact information. Finally, independent foundations intent on reducing administrative costs and time associated with grant seekers, should take a hard look at their grant guidelines and applications to ensure that they are providing the most comprehensive, clear and accessible information to potential grantees through their web sites, eliminating unnecessary telephone calls, letters, and e-mail correspondence.

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