

# Wall Street Taking Over Nonprofit Sector

Wrong Kind of  
Green

Jan 31, 2016 [350.org](#) / [1Sky](#), [Foundations](#), [Non-Profit Industrial Complex](#)

*Shadow Proof*

by Daniel Wright

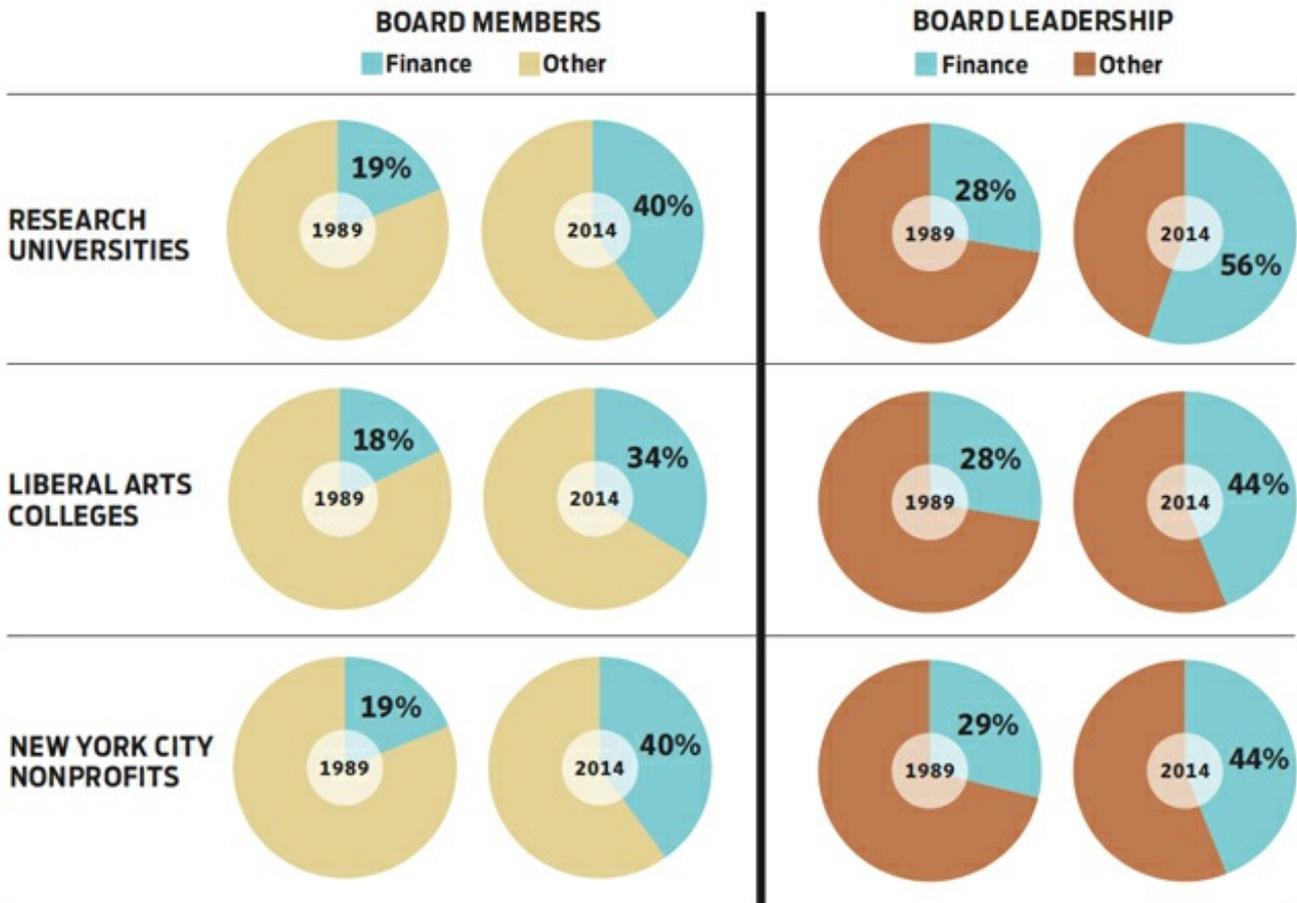
*“What’s new is the increased concentration of directors drawn from one narrow sector of business and industry: finance.”— Study: “The Wall Street Takeover of Nonprofit Boards”, Stanford Social Innovation Review (SSIR)*

*“Practices such as data-driven decision-making, an emphasis on metrics, prioritizing impact and competition, managing with three- to five-year horizons and plans, and advocating executive-style leadership and compensation have all become an essential part of the nonprofit lexicon...”— Study: “The Wall Street Takeover of Nonprofit Boards”, Stanford Social Innovation Review (SSIR)*

While there has traditionally been a close relationship between Wall Street donors and nonprofit organizations like charities and universities, a new study from the Stanford Social Innovation Review (SSIR) reveals a [growing Wall Street takeover of nonprofit boards of directors](#).

Using data from what are referred to in the study as major private research universities, elite small liberal arts colleges, and prominent New York City cultural and health institutions, SSIR calculates that “[T]he percentage of people from finance on the boards virtually doubled at all three types of nonprofits between 1989 and 2014.”

## Board Membership of Select US Nonprofit Organizations



SSIR posits that nonprofits favor Wall Street partly because “nonprofit organizations are simply following the money.” Wall Street has grown increasingly rich in the past decades and fundraising is a vital aspect of running a nonprofit organization. Hedge fund managers’ compensation regularly outstrips other corporate executives, making them prime fundraising targets.

But the banksters are not content to just donate to the nonprofit organizations, financial service industry executives are taking positions of influence and control. As one might expect, the vision Wall Street players have of and for the world often clashes with the preexisting culture within those organizations. The most pronounced conflict, according to SSIR, is the effort to make nonprofits more like businesses:

*As financiers come to dominate the boards of leading nonprofits, it is not surprising that **their approaches and priorities** have made their way, very explicitly and fundamentally, into the governance of the nonprofit sector ... Nonprofit leaders regularly hear about these finance practices from board members and donors whose native habitat is the financial services world. Moreover, nonprofit managers have come to accept them as **reasonable principles upon which donors base their giving** ...*

*Numerous critics have written thoughtfully about the ways in which market-based thinking and approaches applied to the nonprofit sector provide false promise, with the potential to **dilute charitable values, undermine long-term mission focus, incentivize small, incremental goals, and threaten shared governance and other forms of participatory problem-solving.***

In other words, Wall Street is helping bring dubious management practices to the sector that was setup, in part, to

deal with the failures of an economic system run by said dubious management practices. What could go wrong?

It is apparently lost on many donors to the nonprofit sector that if nonprofit work could have been achieved through a business approach it would already have been. For Wall Street, the problem with the nonprofit sector appears to be that it's nonprofit.

*[Daniel Wright is a longtime blogger and currently writes for Shadowproof. He lives in New Jersey, by choice.]*