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Artificial Intelligence Integration, Concerns, Benefits, and the Need for Ethical Policies for Community Foundations and Nonprofit Organizations

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ARTIFICIAL INTELLIGENCE INTEGRATION, CONCERNS, BENEFITS, AND THE NEED FOR ETHICAL POLICIES FOR COMMUNITY FOUNDATIONS AND NONPROFIT ORGANIZATIONS

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ABSTRACT

This study describes the nature and extent of Artificial Intelligence (AI) integration in philanthropic organizations and assesses the capacity and readiness of nonprofits in adopting AI for philanthropic use. Additionally, the study explores the nature and extent of perceived concerns, risks, and benefits of AI use in philanthropy and describes the current state of and need for ethical guidance. Specifically, 31 community foundation leaders and 11 nonprofit organization leaders in the United States completed an online survey. Results indicate that organizations report low readiness for AI integration as well as concerns about confidentiality and bias in the data upon which AIs are trained. Perceived benefits include increased productivity and improved communication with external stakeholders. Organizations also reported the need for ethical guidance with no single ethical approach favored to balance risks and benefits. Thus, a multi-ethical approach is recommended where organizations use different ethical approaches to balance risks and benefits according to specific potential harms. Ethical guidance, best practices, and recommendations for policy are examined.

DEDICATION

Për mamin dhe babin. Faleminderit për gjithçka.

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INTRODUCTION

Statement of the Problem

Despite a rise in research interest on Artificial Intelligence (AI) across various sectors in society (e.g., education and healthcare), there is limited research information currently available on how AI impacts philanthropy. Importantly, there are gaps in understanding how current and future uses of AI impact the effective and ethical practice and policy of philanthropy.

For example, Sheehan and Sarrantonio (2020) mention that 89% of nonprofit professionals believe that AI can make their organization more efficient. Despite the belief in efficiency, Sheehan and Sarrantonio (2020) report that nonprofit practitioners state that they are aware of AI but have reservations when it comes to its use, stating that 59% of nonprofits hear about AI from their constituent relationship manager (CRM) providers and nonprofit-specific AI is currently reaching less than 23% of nonprofits. Additionally, Sheehan and Sarrantonio (2020) report that nonprofit-specific AI is not widely adopted, and 83% of nonprofits believe an ethical framework needs to be in place before AI use is present in the sector.

Whether philanthropic organizations begin to embrace AI or continue questioning the balance between risks and benefits of AI, it is essential that they start considering necessary ethical guidance. A report by Deloitte surveyed 1,700 business and technical professionals in various sectors to assess ethical standards and if they are applied to emerging technology in organizations (Ammanath, 2023). The report emphasized the need for ethical dimensions of emerging technologies. While AI offers significant possibilities, it also can inflict great harm and reputational and/or financial damage to organizations. Organizations should consider various factors while formulating ethical principles, perhaps emphasizing trustworthiness embedded

within principles. Although the report provides ample suggestions, only 1% of respondents surveyed were from the nonprofit sector. Like other research, the study focused on surveying other sectors such as technology, healthcare, and academia.

In sum, a problem exists that there is limited information currently available from research on how AI impacts philanthropy. Importantly, the gap in understanding how current and future uses of AI integration impact the effective and ethical practice and policy of philanthropy need to be addressed and researched. Ethical guidance to nonprofit organizations requires some discernment about an organization's values and mission and its preferred ethical approach. Four common ethical frameworks are described that could be used to process how to weigh potential benefits and harms in the use of AI by nonprofits.

Study Purpose

The findings from this study will help fill these gaps by describing current practices and policies and identifying the most pressing ethical concerns. The overall purpose of this study is to analyze the nature and extent of AI integration in philanthropic organizations within an ethical context. Accordingly, the three primary purposes of this study are:

1. To describe the nature and extent of AI integration in philanthropic organizations and to assess the capacity and readiness of organizations in adopting AI for philanthropic use.
2. To explore the nature and extent of perceived concerns, risks, and benefits of AI use in philanthropy.
3. To describe the current state of and need for ethical guidance in specific areas of philanthropic functioning to manage AI risk.

Research Questions

Three general research questions guide this study.

Research Question 1: How do professionals in the philanthropic sector report their use of AI?

Research Question 2: What concerns and benefits do professionals in the philanthropic sector report in relation to AI use?

Research Question 3: What is the perceived need for ethical guidance for AI use in philanthropy?

Organization of the Study

This dissertation starts with Chapter II, which includes a review of literature with an overview of AI use (in general) and ChatGPT (specifically) in various sectors including philanthropy. Chapter II also discusses the benefits, concerns, and risks of AI use in philanthropy, the need for ethical guidance, and proposed ethical approaches to manage AI risk.

Chapter III presents the methodology of the study, including research questions, participants and setting, research measures, and a detailed approach to analysis. Chapter IV displays the results from the survey data, achieved through quantitative data analysis. Chapter V, the last chapter, discusses findings in relation to the research questions. With combined insights from leaders in philanthropy and the review of the literature, the perceived risks of harm to community foundations and nonprofit organizations from use of AI are discussed, and an ethical framework and best practices and recommendations for policy are examined. This chapter also addresses the implications and limitations of this study, as well as recommendations for further studies and concluding thoughts.

The dissertation concludes with Appendices: Appendix A includes the Questionnaire used by employees in philanthropic organizations and Appendix B includes the Consent Form.

CHAPTER TWO

LITERATURE REVIEW

To better understand and describe the nature and extent of AI integration in philanthropic organizations, a literature review was conducted to: (1) assess the capacity and readiness of nonprofits in adopting AI for philanthropic use; (2) explore the nature and extent of perceived concerns, risks, and benefits of AI use in philanthropy; and (3) to describe the current state of and need for ethical guidance in specific areas of philanthropic functioning to manage AI risk.

The literature review was conducted Spring, 2024 using various search engines through Clemson Libraries and Google Scholar such as PsychInfo, ERIC, and PubMed. Search terms included: AI and Education, AI and Healthcare, AI and Philanthropy, AI and Ethics, AI and Policy, AI and Risks, and AI history. Given the novelty of this research, scholarly literature on nonprofit and AI use was limited. The literature review begins with a brief description of AI and the disruptive role of ChatGPT.

Overview of AI and ChatGPT

In 1955, John McCarthy a scientist from Stanford University defined "artificial intelligence" as “the science and engineering of making intelligent machines” (Manning, 2020, p.1). Over time the definition of AI has changed. According to Kok et al. (2002, p. 2), AI’s “imitation of intelligent human behavior” is one common factor for all AI definitions. More recently Wang (2019) states that there is no widely accepted definition of AI, as the field is complex and constantly changing. There are various types of AI, all which have different functions. For example, according to Simplilearn (2024) machine learning (ML) develops algorithms that can learn from data and are used for things such as image recognition. Additionally, deep learning uses artificial neural networks to gain knowledge from data and the

algorithms solve various problems. Natural language processing (NLP) is the interaction between computers and human language and understands and processes human language in various applications such as text analysis. Robotics on the other hand, is an AI focused on robot design and operation that can perform tasks automatically in areas such as manufacturing. Lastly, expert systems are computer programs designed to imitate human experts' reasoning and decision-making abilities and are used for applications such as medical diagnosis and customer service (Simplilearn, 2024). For this dissertation, AI will be defined as a NLP model and will focus particularly on ChatGPT. The rationale to focus on ChatGPT is because research with AI use in philanthropy is very limited and ChatGPT has gained the most popularity and is dominant among users.

Although AI has long been integrated in many technologies, only recently has AI been available for widespread public use. ChatGPT is one example of AI and it is a NLP model developed by OpenAI (Ali & Djalilian, 2023). ChatGPT was released by OpenAI on November 30, 2022, and within five days it attracted over one million users. Due to its success, Microsoft expanded its long-term partnership with OpenAI and announced a multibillion-dollar investment to accelerate AI breakthroughs worldwide (Marr, 2023). In May 2024, ChatGPT released GPT-4o which accepts text, audio, image, and video inputs and produces them as outputs as well. It responds to audio inputs at a speed similar to a human response (OpenAI, 2024).

ChatGPT works by utilizing machine learning algorithms to analyze and process large amounts of data, which is then used to provide users with responses. ChatGPT can understand human language as it is prompted, allowing it to understand the information it is fed and knows the information to give back to the user. In simpler terms, an individual can type a question into ChatGPT and receive a response, which is easy to comprehend (Center for Excellence in

Teaching and Academic Leadership, 2024).

Of note, GPT-3.5, a previous version, has performed well on several professional exams (Ray, 2023). Specifically, GPT-3.5 performed well on the US Medical Licensing Exam (Kung et al., 2023) and the US Bar Exam (Bommarito II & Katz, 2022). Additionally, GPT-3 is reported to have an Intelligence Quotient (IQ) of 150, which is significant as it equates to placing in the 99.9th percentile of human intelligence (Webb, Holyoak, & Lu, 2023). This IQ was measured by comparing a group of higher education students to GPT-3 through the Raven's Progressive Matrices test (a common test used to measure general human intelligence).

The popularity of ChatGPT has motivated the expansion of other language models. Google Bard (recently renamed Gemini) and Claude are two current AI competitors (Anthropic, 2024; Gemini, 2024). Gemini is a large language model (LLM) that "learns by "reading" trillions of words that help it pick up on patterns that make up language, which allows it to pick up on and reply to your questions in common language patterns" (Gemini, 2024, p.1). Additionally, "it's always learning, which means it also learns from your prompts, responses and feedback. It will make mistakes" (Gemini, 2024). In sum, users input prompts and receive a response generated from information it has learned or grasps from other sources including Google sources. Claude, also an LLM, is developed by Anthropic and excels at various tasks such as language, reasoning, analysis, and coding. Claude states that their model is "highly capable, easy to use, and can be customized to suit your needs" (Anthropic, 2024, p.1). Table 1 shows a condensed list of some of ChatGPT's biggest competitors, originally published by Ray (2023). While this table lists key competitors, it is important to note that it does not encompass all existing AI. The biggest takeaway from the table is the rapid rise of parameters utilized by LLMs, from 110 million in 2018 to ChatGPT's 3.5 version (free to the public) to 1.75 trillion in 2022. Parameters

in AI are similar to neural networks in that they are the variables that the model learns and responds to during the training process. The significant growth in parameters allows for the model to understand more complex data (TEDAI, 2024). Additionally, because these AIs predict the next word, most of the models follow a "transformer" architecture. Transformers are also a neural network that learn context and track relationships between sequential data (Turing, 2024).

Table 1

Comparison of LLMs

Model	Year	Parameters	Pretraining Data	Architecture	Notable Features
GPT	2018	110 million	Web text	Transformer	First large-scale Transformer model
BERT	2018	340 million	Books, Wikipedia	Transformer	Bidirectional Transformer, invented masked language modeling
GPT-2	2019	1.5 billion	Web text	Transformer	Improved Transformer model
GPT-3	2020	175 billion	Web text, Books, Wikipedia	Transformer	One of the largest models, capable of few-shot learning
GShard v4	2021	1.8 trillion	Web text, Books, Wikipedia, Common Crawl, Pile, Reddit	Transformer	Scaled-up version of GShard
GPT-Neo	2021	2.7 billion - 2.8 trillion	Web text, Books, Wikipedia, Common Crawl, Reddit, Pile	Transformer	Open-source alternative to GPT
Claude	2021	52 billion	Web text, books	Transformer	Desirable behaviour in conversations
GPT-3 10x	2022	1.75 trillion	Web text, Books, Wikipedia, Common Crawl, Pile	Transformer	Scaled-up version of GPT-3

Model	Year	Parameters	Pretraining Data	Architecture	Notable Features
DALL·E 2	2022	22 billion	Text and images	Transformer + CNN	Scaled-up version of DALL·E

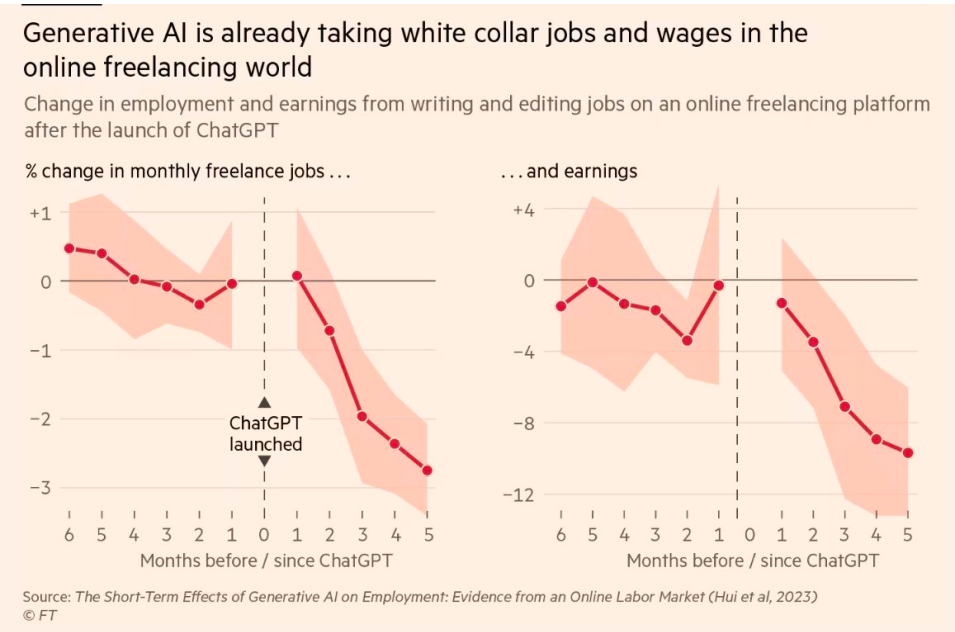
Note: Adapted from Ray (2023).

The Disruptive Effect of ChatGPT

To date, ChatGPT is being utilized across sectors including education, healthcare, business, entertainment, customer service, and content creation. Because ChatGPT can be used as a valuable tool in writing, coding, generating ideas, and analysis, the potential for disruption is speculated to be extensive, though some sectors are experiencing a more immediate impact. For example, ChatGPT has already disrupted white collar jobs and wages in the online freelancing world by affecting employment and earnings (Financial Times, 2023; Hui, Reshef, & Zhou, 2023) (Figure 1).

Figure 1

AI and White-Collar Jobs



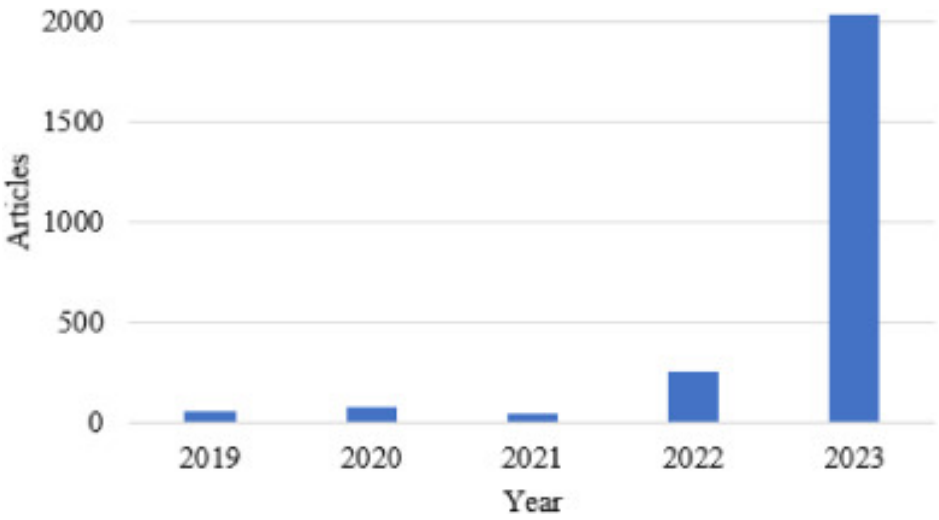
Note. Example of change in employment and earning after the launch of ChatGPT.

Research on ChatGPT

Because the field is relatively new, there is not yet much research on the effectiveness and efficiency of ChatGPT, thus large research gaps exist for many sectors, though research is rapidly increasing. Figure 2 reflects the increase of growth for ChatGPT research interest as reflected by the availability of number of indexed papers on Google Scholar (Ray, 2023). For a more up-to-date reflection, there are 3,860 indexed papers on Google Scholar from January 2024 through June 30th of 2024.

Figure 2

Yearly articles indexed in Google Scholar on ChatGPT



Note. Rise in indexed articles after the release of ChatGPT. Retrieved from Ray (2023).

Based on the review of the literature, currently, there is not a large amount of research focused on the knowledge, skills, and attitudes of AI use in philanthropy. One report by Sheehan and Sarrantonio (2020) collected self-reported data from 212 nonprofit practitioners through a web-based survey across the United States on attitudes about AI use. Nonprofit professionals who participated had different focus areas such as environmental protection, social services, and welfare. Nonprofits focused on healthcare were the largest population represented (20%).

Sheehan and Sarrantonio (2020) found that 89% of nonprofit professionals believe that AI can make their organization more efficient. Despite the belief in efficiency, Sheehan and Sarrantonio (2020) report that nonprofit practitioners are aware of AI (59% had heard about it from their constituent relationship manager (CRM) providers) but have reservations when it comes to use. Additionally, Sheehan and Sarrantonio (2020) report that nonprofit-specific AI is not widely adopted, and 83% of nonprofits believe an ethical framework needs to be in place before AI use is present in the sector. Additionally, 73% of nonprofit employees believe that AI aligns with their beliefs and 75% believe AI makes life easier. However, nonprofit-specific AI is currently reaching less than 23% of nonprofits (Sheehan & Sarrantonio, 2020). While the knowledge, skills, and attitudes of AI use in philanthropy still require further research, findings from Sheehan and Sarrantonio (2020) suggest that AI use can allow the philanthropic sector to streamline many tasks in various domains such as grant writing and fundraising.

The Need for Ethical Guidance

Because ChatGPT arrived without an ethical instructional manual, there has been a scramble to understand the risks of harm and weigh them against potential benefits. Because of the lack of literature on AI use in philanthropy, for comparison, this section briefly describes how education and healthcare have responded to perceived risks of harm and how the ethical and legal regulation of AI continues to evolve. The section concludes with the current state of ethical guidance provided in the philanthropic sector.

Education

The use of ChatGPT in education has been received with mixed attitudes. For example, countries, states, schools, universities, and even individual teachers and professors have taken different approaches on the acceptance of ChatGPT use in the educational setting. A systematic

review by Zhang and Tur (2023) reports the negative and positive aspects of ChatGPT use in K-12 education. Specifically, the authors report that the main benefits of ChatGPT use in education for educators and students are personalized learning and positive influence on student achievement. On the other hand, the authors report that the main concerns of ChatGPT use are output quality difficulty (the answers that ChatGPT produces can be inaccurate) and the inability to handle certain question types.

Another rapid review of the literature (Lo, 2023), focusing on the impact of ChatGPT in education, reports that ChatGPT has the potential strength to assist instructors in areas such as generating course materials and can act as a virtual tutor for students. A weakness is that the reported concerns include the generation of incorrect information as well as a problem in plagiarism prevention by AI plagiarism detectors.

Lo (2023) also points out some additional concerns regarding the use of ChatGPT in K-12 education. For example, there are concerns that students who utilize AI may become dependent on the tool. In turn, students will have less emphasis in critical thinking and difficulty in investigating alternative perspectives (Bitzenbauer, 2023; Mogavi et al., 2023). Other things to consider are data privacy and various ethical issues such as: misinformation, academic integrity, privacy concerns, and deception (Bekeš & Galzina, 2023; Mogavi et al., 2023; Murgia et al., 2023; Othman, 2023; Zhang & Tur, 2024). For example, ChatGPT may promote academic dishonesty and plagiarism (Harrison, Hurd, & Brinegar, 2023), while also providing students with inaccurate information.

The primary ethical concern in education is plagiarism. When considering both the positive and negative contributions of ChatGPT, schools have enacted different policies regarding its use and there are researchers who are carefully approaching ChatGPT use in higher

education settings (Tlili et al., 2023). Lo (2023) states that institutional policies should ensure ChatGPT use aligns with the institution's values such as fairness and transparency. However, Lo (2023) also notes that, "around the world, virtually no research has been undertaken, no guidelines have been provided, no policies have been developed, and no regulations have been enacted to address the specific ethical issues raised by the use of Artificial Intelligence in Education" (Holmes et al., 2018, p.552). Due to the lack of policy, school districts have taken different approaches on whether to ban or encourage AI use within schools. Because of a lack of confidence in AI plagiarism detectors, many educators do not allow the use of AI, including the Seattle Public Schools District, the Los Angeles Unified School District, New York City public schools (Tierney, 2023), and Charlotte-Mecklenburg Schools in North Carolina (Sands, 2023). These schools have banned LLM use such as ChatGPT. On the other hand, Switzerland's Institut auf dem Rosenberg, encourages students to use tools such as ChatGPT (Syme, 2023).

Higher education has also been impacted by the availability of ChatGPT. A systematic review by Dempere et al. (2023) researched AI chatbots' impact on higher education (HEI's). The results indicate that within higher education there are both benefits and concerns related to ChatGPT. The identified benefits include support with research, automated grading, and teaching enhancements. The identified concerns include plagiarism, job displacement, the digital literacy gap, bias, misuse, and decreased human interaction.

Healthcare

Another sector in which AI use has been utilized is healthcare. ChatGPT can provide health advice and assistance to individuals as well as practitioners. On the individual patient level, ChatGPT can be used by patients for education on personal health and health problems by providing individuals with details on relevant procedures, drugs, and dietary information (Javaid,

Haleem, & Singh, 2023). If a patient does not know the side effects of a drug they are prescribed, for example, the patient can ask ChatGPT for information about the drug. ChatGPT can also be used to summarize medical information in different languages and can translate text from one language to another.

Practitioners can also benefit from ChatGPT in other ways. For example, according to Javaid, Haleem, & Singh (2023), practitioners can monitor patients remotely by using ChatGPT as a chatbot to remind patients to check their vital signs. Practitioners can also use it as a tool to alleviate the time that routine tasks such as crafting emails and writing reports takes (Javaid, Haleem, & Singh, 2023). Additionally, ChatGPT can be used by practitioners to write up formal discharge summaries for patients in seconds, which can improve the quality of summaries as well as expedite the process and allow more time for practitioners to deliver patient care (Patel & Lam, 2023). Other areas of reported success include mental health support (Sweeney et al., 2021) and radiology reporting (Jeblick et al., 2023). Jeblick et al. (2023) simplified three fictional radiology reports through ChatGPT by asking it to explain a medical report to a child. Most radiologists rated the quality of the simplified reports and agreed that they were factually correct, complete, and not potentially harmful to the patient.

Although AI in healthcare has shown promising outcomes, it is important to keep in mind the chatbot's limitations as a rush to AI can have harmful consequences. For example, a chatbot created to dispense useful advice, named ELIZA, has been criticized as a Belgian man recently died by suicide after talking to the chatbot (The Brussel Times, 2023). Another chatbot, called Tessa, utilized by The National Eating Disorders Association (NEDA) Helpline was disabled after users reported that the chatbot recommended measures that can encourage disordered eating such as restricting calories and measuring body fat (McCarthy, 2023).

As AI advances in healthcare and is adopted by healthcare systems, a variety of ethical concerns have emerged. For example, data privacy and security need to be addressed as there is potential for private information (such as patient information) to be leaked. According to a survey conducted by Center for Connected Medicine (2023), it is expected that health systems will eventually adopt governance policy specific to AI. Nevertheless, when healthcare leasers were asked if their organization has a system-wide governance policy for AI usage and data access, only five of 31 respondents (16%) reported that their organizations had a system-wide governance policy in place to specifically address AI usage and data access. Respondents also reported that "their organizations are waiting for federal regulations to be issued before creating their own policies" (Center for Connected Medicine, 2023, p. 5). Respondents also reported that setting up system-wide AI policies was challenging due to a complex intersection with ethical, legal, and compliance rules and policies of AI.

In sum, with the rapidly evolving uses of AI in healthcare, it appears there are some general concerns being met with the suggestion that individual healthcare entities will need to create their own policies.

AI Use in Philanthropy

Research on the practical and ethical use of AI in the philanthropic sector has lagged the fields of education and healthcare. Still, the ethical concerns raised in education and health sectors overlap with the concerns of the philanthropic world. Specifically, concerns about plagiarism, confidentiality, data security and privacy are important to the philanthropic sector. For example, fundraising plays a pivotal role in the sector. If staff utilize ChatGPT for fundraising by writing a grant proposal, that information could be trained on by an AI system and the information could be provided later to other users. Often grant proposals utilize personal

data about individuals who have used the organization's services and this raises concerns about personal identifiable information becoming available to others (Barrett, 2023). Additionally, because of the personal transactional nature of nonprofits where constant communication is necessary with donors and recipients, there are important concerns related to trust and voice are important. Once again utilizing fundraising and grant proposals as examples, if ChatGPT is utilized by many organizations for the same grant proposal the results can become so similar that it becomes difficult for donors to differentiate organizations as well for readers to distinguish between the voice of AI and the voice of the organization.

The grant writing process demands a considerable amount of time, and although concerns related to the use of ChaptGPT or AI to develop grant proposals exist, there are many potential benefits to the use of AI. ChatGPT can assist in the process by producing outlines and drafts, generating data, and writing clear and concise grants. AI systems can assist in both the grant writing and grant reviewing of proposals. "Applying AI to existing grantmaking to identify patterns and predictive measures of success can be used to inform future funding" (Philanthropy Matters, 2024, p.1), as AI can help identify target donors and the amount of money to ask for from donors (Coen, 2023; Paver, 2023). As an additional benefit, AI also has "the possibility of other language systems (for example, transcription and translation services) making it possible for minority or disadvantaged communities to access grants and funding" (Coen, 2023, p.1).

To assist development offices within nonprofit organizations, AI can also process large amounts of donor data as well as data from external sources, while also making predictions and recommendations about donors (DonorSearch, 2023). Overall, AI use in philanthropy can be advantageous as it can be used to save time on repetitive tasks, thus leaving opportunities for employees to focus on more important tasks such as relationship building. Relationship building

is emphasized in philanthropy and is not a task that AI can produce well to date (Bauer, 2024; Coen, 2023).

An example of AI in philanthropy being advantageous for productivity is reflected in a study by Tipnis et al. (2024), who examined the productivity of volunteers on an online volunteer platform. The findings revealed that those volunteers who were introduced to AI reduced their weekly time contribution to the platform by 8.1% on average but managed to complete the same tasks compared to those who were not introduced to AI, thus providing suggestion for increased productivity.

Other examples of the incorporation of AI in the philanthropic sector include assistance with fundraising by using ChatGPT to create fundraising appeals, engaging volunteers and board members by using ChatGPT to craft emails with necessary information and updates, sharing impact, marketing research, and evaluation (Bauer, 2024; Gray, 2023; Hadley, 2023).

There are also harms that can arise from AI use in philanthropy. As examples: data biases built into the original sources upon which ChatGPT trained may be present; confidentiality concerns may arise as AI models are continually learning from what information users input; and, the ever present threat of inaccurate responses. Another ethical issue is whether the use of AI will be another technological innovation that creates or widens a digital divide among nonprofits and foundations with only some organizations having access to AI resources.

In sum, there are perceived advantages and disadvantages for AI use in philanthropy. Most of the discussion to date has been simply to identify the potential and risks. However, identified advantages include areas such as grant writing, fundraising, and evaluation, which can be more productively met through the use of AI.

Philanthropic AI Use Examples

Even though examples of AI use in philanthropy are sparse, some organizations have developed techniques in which they are utilizing AI to improve their services. Specifically, like other sectors, philanthropic organizations that are embracing digitalization are recognizing the benefits. Digitalization or "digital transformation" refers to the implementation of technology into operational models to maximize mission impact for nonprofits (AWS, 2024). AWS (2024) also reports that nonprofit organizations that implement technology and have a high digital maturity outperform their low digital maturity counterparts in several ways. Specifically, those organizations with high digital maturity are reported to be four times more likely to achieve their mission goals. They are also twice as likely to see improvement in operational efficiency. Other benefits include more motivated employees, a healthier organizational culture, and lower levels of burnout among staff (AWS, 2024). Although high digital maturity yields many benefits and Salesforce (2022) reports that nearly three-quarters of nonprofits agree that digital transformation is vital for their organizations, only 12 percent of nonprofits were found to be "digitally mature" ("organizations that lean on technology and data to optimize their operations and maximize their mission impact") (AWS, 2024, p.10).

AWS (2024) provides several examples of nonprofits that are utilizing AI to advance their organizational mission (Jacaranda Health, Maui United Way, and HSR.health). For example, Jacaranda Health uses AI to connect mothers with information about pregnancy care. Additionally, it connects mothers with lifesaving advice as well as referrals to care facilities. The referrals are made through PROMPTS (PROmoting Mums through Pregnancy Through SMS), which is a SMS service for mothers that sends text messages to encourage health-seeking behavior. The platform also uses AI for a two-way helpdesk service that responds to incoming messages from mothers in both English and Swahili. PROMPTS uses NLP to analyze the

messages for clinical danger signs. Jacaranda Health's help desk is notified and can respond to mothers with concerns as well as make referrals for them.

In another example, Maui United Way, a community nonprofit, utilizes data visualization to share insights with stakeholders so that they can intervene in appropriate and effective ways. Maui United Way uses AWS technology to gain a better understanding of the food system in Maui County in order to tackle food insecurity. Maui United Way augments their data with satellite images. This AI/ML solution overlays Earth observation data with other factors such as income, race, ethnicity, and geographic location, which make it possible to identify areas in Maui with higher levels of food insecurity, which is one of Maui United Ways mission goals.

Lastly, HSR.health, a healthcare technology organization whose mission is to improve the quality of healthcare offered by gaining insight into things like socioenvironmental determinants of health and illness as well as understanding the barriers to healthcare access, uses data visualization tools to provide clear insights into what is happening on the ground and to give policy and decision makers more information to help them take necessary steps to address health inequalities.

Salesforce (2022) in the fifth edition of the Nonprofit Trends Report reports that organizations that have embraced technology report to have the strongest relationships as well as the highest rates of goal achievement even when considering organizations size, revenue, or location. These nonprofits use technology strategically to build relationships, motivate employees, and adopt new ways of working. Nonprofits with a high level of digital maturity are reported to be more likely to have stronger relationships with all stakeholder groups and to exceed their goals. According to the report, nonprofits view program participant relationships as strong. On the other hand, nonprofits report relationships with volunteers and donors as weak.

While some believe that the use of technology in philanthropy can cause a loss of human connection, Salesforce (2022) reports the contrary, revealing that digitally mature organizations report stronger connections across all of their stakeholder groups.

Even though the potential benefits are reported, barriers to digital transformation do exist. Reportedly, 37% of respondents say that a lack of budget or resources are a barrier to digital transformation (Salesforce, 2022). Additionally, 30% report that the organization has higher priorities. Other reported challenges include a lack of skilled talent within organizations to implement and manage technologies (28%) and a lack of understanding of those technologies within organizations (26%).

Risks of AI Use in Philanthropy

Even though other sectors and philanthropy have reported benefits of AI use, they have also reported various concerns and see potential for risks of AI use. Ethical concerns can be translated into risk of harm. Combining insights from the literature review with reports from the field during meetings with community foundation and nonprofit leaders from CFLeads, United Way Greenville, and the Spartanburg County Foundation, the following 13 risks (which have been condensed into four categories) have been identified:

Confidentiality Risks:

1) Organizational confidential information (e.g., donor characteristics) input into AI can later be accessed by others outside an organization (Cole, 2023)

2) Grant materials and reviews of confidential grant materials (e.g., intellectual property) input into AI can be accessed by others outside an organization (Cole, 2023).

Bias Risks:

3) Some uses of AI may reflect biases present in its training data. For example, prompts for

effective prevention programs may result in underrepresentation of programs serving minority populations (Pontón-Nuñez, 2024; Coen, 2023).

4) AI responses can be inaccurate (i.e., "hallucinating" by fabricating answers) and the false information provided could have harmful consequences (Cole, 2023; Marr, 2023).

Trust/Transparency Risk

5) Over-reliance on AI can lead to a loss of human connection within an organization and with external stakeholders (Coen, 2023).

6) Relying on AI will create a dependency on AI for decision-making (Fortino, 2023; Marr, 2023).

7) AI communication with external stakeholders will be detectable and/or the voice and style of an organization's communication will be lost (Firestone, 2024; Marr, 2023).

8) Some uses of AI may cause internal reputational damage (staff layoffs, impersonal chatbots) (Childress, 2023).

9) AI use in decision making and lack of transparency may cause loss of stakeholder trust (Inclusion Digital Engineering, 2024).

Organizational Effectiveness Risks

10) AI may replace tasks routinely done by staff that results in jobs being restructured or layoffs (Marr, 2023).

11) AI use may result in dependence on AI for an organization's operations (Langdon, 2024).

12) AI use can cause loss of human skills (e.g., creativity, communication) (Fortino, 2023).

13) Resources necessary to implement, maintain, and update AI technologies cannot be sustained (Salesforce, 2022).

The 13 risks have been categorized into four categories based on similarity. The four categories

are: 1) Confidentially (risks 1 and 2), 2) Bias (risks 3 and 4), 3) Transparency/Trust (risks 5, 6, 7, 8, and 9), and 4) Organizational Effectiveness (risks 10, 11, 12, 13).

Legal Regulation and Ethical Approaches to the Use of AI in Philanthropy

To date, there is no U.S legal framework for philanthropy and AI use. President Biden signed an Executive Order for federal agencies to develop policy (Wu, 2023), but as of this writing, there are no state laws directly related to philanthropy though some states are beginning to pass state laws (National Conference of State Legislatures, 2024). For example, eleven states including California and Colorado have enacted legislation to protect individuals from unauthorized use of consumer data and guarantee that individuals have agency over how an AI system collects and uses data about them (Wright, 2023).

Internationally, in March 2024, the European Union (EU) parliament approved the EU AI Act, the world's first legal framework to govern AI (European Commission, 2024). The EU AI Act is a risk-based approach that defines 4 levels of risk for AI systems, which range from "unacceptable risk" (e.g., cognitive behavioral manipulation of people or specific vulnerable groups) to "minimal risk" (e.g., AI enabled video games).

The regulation is expected to enter into force in August, 2024 (previously speculated to be May, 2024) after passing endorsement from the European Council (Bertuzzi, 2024; European Commission, 2024; Gilchrist, 2024). On a country level, Italy banned and later reversed the ban on the use of ChatGPT (McCallum, 2023). Overall, apart from the EU, there is no consensus on an ethical framework, with the field only starting to identify possible ethical issues and applying only general ethical principles.

Ethical Approaches

Whether philanthropic organizations begin to embrace AI or continue questioning the

balance between risks and benefits of AI, it is essential that they start considering necessary ethical guidance. A report by Deloitte emphasizes the need for ethical dimensions of emerging technologies (Ammanath, 2023). While AI offers significant possibilities, it also can cause great harm as well as reputational or financial damage to organizations that use them. The report suggests what organizations should consider while formulating ethical principles, emphasizing trustworthiness embedded within principles. Although the report provides ample suggestions, only 1% of respondents surveyed were from the nonprofit sector. Like other research, the study focused on surveying other sectors such as technology, healthcare, and academia. Based off of the research on education, healthcare, and conversations with philanthropic leaders, four ethical approaches were selected to mitigate perceived philanthropic ethical challenges.

Ethical guidance to philanthropic organizations requires some discernment of an organization's values and mission and its preferred ethical approach. Four common ethical frameworks are described that could be used to process how to weigh potential benefits and harms in the use of AI by nonprofits: (a) Utilitarian Approach (maximize benefits and minimize harm); (b) Rights-Based Approach (protect individual rights); (c) Virtues Approach (maintain a virtuous reputation); and (d) Care-Based Approach (preserve relationships with stakeholders). These frameworks appear to be the best approach to mitigate concerns around confidentiality, bias, trust/transparency, and organizational effectiveness. These approaches are meant to maximize benefits, protect individuals, maintain virtuous organizations, and preserve relationships in organizations. These ethical approaches could be used to align with the ethical dilemmas to mitigate the risks presented in education and healthcare such as privacy concerns and harm to individuals, the risk of lack of transparency in patient care and education, and reputational damage due to harm caused by concerns.

The first ethical approach that is presented is the Utilitarian Approach, also known as utilitarianism, which is a consequentialist theory that emphasizes that the moral course is one that seeks to maximizes value over disvalue while achieving the greatest benefit for the greatest number (Vearrier & Henderson, 2021). For the context of this paper, the Utilitarian Approach would support the use of AI by focusing on the possible large-scale benefits if the benefits outweighed the risks. For example, even though AI use can have some negative impacts, AI also offers many benefits that align with utilitarian values that maximizes value over disvalue *(*Bilal, 2023). As this approach seeks to maximize benefits and minimize harm, it important to acknowledge the concerns and risks that exist and work toward minimizing them, to ensure that the overall outcome from AI use is for the greater good (Bilal, 2023).

The Rights-Based Approach (protect individual rights) focuses on respect for human dignity and supports the individual choice to live freely. Rights-Based Approaches rely on the values embedded in human rights instruments such as constitutions and the United Nation's Universal Declaration of Human Rights stating that "human rights are the basic rights and freedoms that belong to every person in the world. They are inherent to all human beings, regardless of race, sex, nationality, ethnicity, language, religion, or any other status" (OHCHR 2024). In sum, this approach emphasizes that individuals' rights and dignity must be protected. For the context of this paper, the Rights-Based Approach would support individuals to be protected against the misuse of AI. Specifically, as reported in education and healthcare, privacy concerns are common in both sectors, and this approach aims to protect the individual from harms which can be caused due to the use of AI.

There are many current examples of how a Rights-Based Approach could improve AI practices. For example, challenges to human rights posed by new technologies include fake news

and predictive policing, and facial recognition tools used by law enforcement resulting in wrongful arrest (Canale & Barber, 2023; Prabhakaran, Mitchell, Gebru, & Gabriel, 2022). However, if this approach is implemented correctly in the context of AI, there are many benefits. For example, medical data that is used for early diagnosis of a life-threatening disease can be advantageous as it can protect an individual's right to life and health (Canales & Barber, 2023). As this approach seeks to protect individual rights, it is important to acknowledge the areas that AI can fail to do so and find ways to minimize those risks of harm. As the risks that have been presented in this paper have been categorized into confidentiality, bias, trust/transparency, and organizational effectiveness, all the risk categories need the Rights-Based Approach to ensure individuals are protected whether it be from private data leaking or from bias presented in data.

The Virtues Approach (maintain a virtuous reputation) is an approach that upholds that one should display virtues (such as courage, justice, and generosity) and act according to exemplary moral values to be perceived favorably by others. This approach focuses on the character of the person or organization (Farina, Zhdanov, Karimov, & Lavazza, 2022). At times, an AI policy choice is dependent upon the specific ethical approach chosen to weigh harms and benefits and different approaches may lead to different policies. For example, prohibiting the use of AI in writing grant proposals may protect against plagiarism (thus upholding the virtue of honesty) yet also disadvantage non-native speakers and thus further inequities and harming relationships with minority communities. For the context of this paper, a Virtues Approach emphasizes the importance of reputation in balancing AI use with risks. Organizations must maintain virtuous reputations because if AI is used incorrectly or in a way that can cause harm, it can weaken an organizations' effectiveness.

The Care-Based Approach (preserve relationships with stakeholders) emphasizes the

value of people's relationships with other individuals "to be paradigmatic contexts of morality" (Kwan, 2023). This approach focuses not only on personal relationships, but also on professional and political ones. Philanthropy and in particular fundraising are often centered around relationships (Madden, Harrison, & Vafeiadis, 2023) and the use of AI can pose a threat or risk of harm to organizations and their relationships with stakeholders if not done ethically. For example, if an organization utilizes AI to complete a grant application to be more organizationally effective but does not disclose that they have used AI it can breach trust and jeopardize the relationship with the stakeholder.

Summary

The literature review supports that there has been limited research on the nature and extent of AI integration specific to the philanthropic sector as well as the capacity and readiness to adopt AI and the need to further study both AI integration and readiness. Additionally, the literature review has identified some perceived concerns, risks, and benefits of AI use in philanthropy, however most of the research has been focused in other sectors such as education and healthcare, thus supporting the need to further research the nature and extent of perceived concerns, risks, and benefits of AI use in the philanthropic sector. Lastly, the review of the literature has described the current state of and need for ethical guidance in philanthropy to manage AI risk. The literature review has identified the gap that exists between ethical guidance and the philanthropic sector. This study can lead to recommendations to inform future AI policy and ethical guidelines for the philanthropic sector.

Chapter III presents the implemented methodology of the study, including research questions and hypotheses, participants and setting, research measures, and a detailed approach to analysis.

CHAPTER THREE

RESEARCH DESIGN AND METHODOLOGY

Study Design and Aims

As previously noted, the overarching goal of this cross-sectional descriptive study is to characterize the use of AI in philanthropy. More specifically, the dissertation has three primary purposes:

1. To describe the nature and extent of AI integration in philanthropic organizations and to assess the capacity and readiness of organizations in adopting AI for philanthropic use.
2. To explore the nature and extent of perceived concerns, risks, and benefits of AI use in philanthropy.
3. To describe the current state of and need for ethical guidance in specific areas of philanthropic functioning to manage AI risk.

To address the three primary purposes, three research questions are addressed. The first research question (RQ1) examines the nature and extent of AI integration in philanthropic organizations and assesses the readiness of organizations adopting AI. The second research question (RQ2) examines the nature and extent of perceived concerns, risks, and benefits of AI use in philanthropy. The third research question (RQ3) examines the current state of and need for ethical guidance in specific areas of philanthropic functioning to manage AI risk.

Given the lack of literature to guide hypotheses, two partner organizations were consulted on the methodology and provided input on how AI was perceived to be impacting philanthropy. Discussions were held with leaders from Spartanburg, South Carolina foundations as well as from a national network of community foundations to help generate and refine hypotheses. To gather initial feedback on topics and issues relevant to the use of AI in nonprofit organizations,

in November 2023, the Spartanburg County Foundation convened a meeting of program officers from five different philanthropic funders in Spartanburg County to discuss a draft survey. The meeting resulted in the initial survey being revised to add an emphasis on ethical concerns. In a later meeting convened by Community Foundation Leaders (CFLeads) in February 2024, a revised survey was presented to their staff as well as three directors of large community foundations. The purpose of the survey was seen as "essential," and the approach taken to provide ethical guidance was seen as needed. Finally, a meeting was subsequently held with staff of United Way Greenville in March 2024 who agreed to partner to disseminate the survey.

Two partners agreed to disseminate the survey. One partner, CFLeads, a national network of community foundations, helps "community foundations build strong communities by advancing effective practices, sharing knowledge, and galvanizing action on critical issues of our time" (CFLeads, 2024). A second partner, United Way Greenville, is a local United Way agency located in Greenville, South Carolina. The research was approved by Clemson University's Institutional Review Board (IRB) and all participants were provided with a consent form which described the purpose of the study and informed participants that no risks are associated with the survey.

The non-experimental design and chosen method to utilize a survey to understand perceptions of the philanthropic sector on AI use has both strengths and weaknesses. The strengths include the involvement of the philanthropic sector in generating survey questions as well as the ability to have broad and exploratory research questions. Weaknesses include that the study may not be generalizable to the general population as it is specific to the philanthropic sector and that no experiment or manipulation was conducted for the study, rather data was observational.

For the exploratory research questions below, no hypotheses were formulated. The following hypotheses were proposed for the research questions:

Research Questions and Hypotheses

RQ1.1: How do professionals in the philanthropic sector report their use of AI?

RQ1.2: Is there a significant difference between reported personal and professional AI use and experience in the philanthropic sector?

H1.2. There will be a significant difference between reported personal and professional AI use and experience. Reported scores of personal use and experience of AI will be higher than reported scores of professional use and experience of AI.

RQ1.3: Is there an association between an individual's use of AI for tasks in specific professional areas and how often their *organization* uses AI for tasks in specific professional areas?

H1.3: There will be a significant positive relationship between how often individuals use AI for tasks in specific professional areas and how often their organization uses AI for tasks in specific professional areas.

RQ1.4: What is the reported organizational readiness for AI use and how does it vary based on the size of the organization?

H1.4. Larger organizations will report higher readiness levels (training and policies) than smaller organizations.

RQ2.1: What concerns and benefits do professionals in the philanthropic sector report in relation to AI use?

RQ2.2. Is there an association between reported concerns (risks) and benefits to philanthropic organizations through the use of AI?

H2.2. There is a statistically significant negative association between reported concerns

(risks) and benefits to philanthropic organizations through the use of AI.

RQ2.3: How do reported concerns (risks) and benefits of AI use vary based on the size of the organization?

H2.3. Larger organizations will report higher benefits of AI use and lower concern (risk) of AI use, compared to smaller organizations.

RQ3.1: What is the perceived need for ethical guidance for AI use in philanthropy?

H3.1. There is a statistically significant positive association between self-reported need for ethical guidance and concern categories.

H3.1a. There is a statistically significant positive association between self-reported need for ethical guidance and confidentiality concerns.

H3.1b. There is a statistically significant positive association between self-reported need for ethical guidance and bias concerns.

H3.1c. There is a statistically significant positive association between self-reported need for ethical guidance and trust/transparency concerns.

H3.1d. There is a statistically significant positive association between self-reported need for ethical guidance and organizational effectiveness concerns.

RQ3.2 What ethical framework do professionals in philanthropy prioritize for managing AI risk?

RQ3.3. How do preferences regarding ethical framework for managing AI risk vary depending on the size of the organization?

H3.3a. Larger organizations are more likely than smaller organizations to report the Utilitarian Approach as the prioritized ethical approach to manage AI risk.

H3.3b. Smaller organizations are more likely than larger organizations to report the Care-Based Approach as the prioritized ethical approach to manage AI risk.

Participants

Participants for this study were drawn from two partner organizations. The subject pool of community foundation participants was drawn from the membership list of CFLeads. CFLeads disseminated the survey to their contact list of approximately 900 Executive Directors or CEOs of member community foundations primarily located in the United States. A total of 31 participants from CFLeads participated in the study, for a participation rate of 3.4%. A second subject pool of nonprofit organizations was drawn from the membership list of nonprofit organizations currently being served by United Way Greenville (n=48) and Executive Directors were also surveyed. A total of 11 participants from United Way Greenville participated in the study, for a participation rate of 22.9%.

Measures

To gather initial feedback on topics and issues relevant to the use of AI in nonprofit organizations, in November 2023, the Spartanburg County Foundation convened a meeting of program officers from five different philanthropic funders in Spartanburg County to discuss a draft survey. The meeting resulted in the initial survey being revised to add an emphasis on ethical concerns. In a later meeting convened by CFLeads in February 2024, a revised survey was presented to their staff as well as three directors of large community foundations. The purpose of the survey was seen as "essential," and the approach taken to provide ethical guidance was seen as needed. Finally, a meeting was subsequently held with staff of United Way Greenville in March 2024 who agreed to partner to disseminate the survey.

A pilot study was subsequently conducted with nonprofit leaders in Spartanburg, South Carolina, in May 2024. Feedback and suggested revisions were provided about the survey from individuals involved in the philanthropic sector. After revisions, a survey of 50 questions was

finalized. In addition to 11 demographic questions, the survey addressed the following areas: (a) AI Use—8 questions; (b) Confidentiality—3 questions; (c) Bias—3 questions; (d)Transparency/Trust—6 questions; (e) Organizational Effectiveness—5 questions; (f) Readiness—3 questions; (g) Ethics—5 questions; (h) Law—3 questions; (i) Overall attitude—2 questions. A final one open-ended prompt read: "Please share any additional thoughts on AI" (see Appendix A).

AI Use

The eight survey questions focused on AI Use capture personal AI use (questions 1 and 2) and professional AI use (questions 3, 4, 5, 6, and 7). Questions 9-25 are centered around concerns and risks of AI use (confidentiality, bias, transparency/trust, and organizational effectiveness). The following is an example of a typical Likert scale risk survey question: "A risk exists that some uses of AI may reflect biases present in its training data. For example, prompts for effective prevention programs may result in underrepresentation of programs serving minority populations. What is your level of concern for this risk?" Please rate on a scale with 1 meaning "very concerned" and 5 meaning "not concerned at all." Readiness—3 questions, includes questions such as "What is the current preparedness level of your organization to deal with the potential risks of AI?" Ethics—5 questions ask: "What is the need for ethical guidance in the following areas?" and "Has your organization provided guidance on the *ethical* use of AI-based tools or solutions." Law—3 questions asks questions such as: "Who *should primarily* be responsible for providing guidance on use of AI?," and, overall attitude—2 questions ask: "What is your current level of enthusiasm for the use of AI in your organization?" and "What is your current level of concern about the disruptive use of AI in your organization?" (see Appendix A).

Demographic information collected from all participants included: participant's gender,

participant's age, organization's location by state and setting, organization's years of operation, participant's years of involvement with philanthropy, number of staff members within organizations, organizational focus area, organization's budget, and participant's role within the organization.

Nature and Extent of AI Integration

The first research question including sub questions describes the nature and extent of AI integration in philanthropic organizations and assesses the capacity and readiness of organizations in adopting AI for philanthropic use. AI use, integration, and readiness were measured using several survey questions to capture both personal AI use and professional AI use. Survey questions one and two capture personal AI use whereas questions three, five, six, and seven capture professional AI use. Questions one and two ask: "How often do you use AI for *personal* uses?" and "How would you describe your *personal* level of experience with the use of AI?," respectively. The questions are Likert scale questions ranking from 1-5 (1=Almost Always and 5=Never) and 1-4 (1=Very experienced and 4=Never used ChatGPT or equivalent AI).

Questions three and five ask: "How often do you use AI for *professional* uses?" and "How would you describe your *organization's* level of experience with the use of AI?," respectively. Participants are asked to rate each item using a 5-point Likert-type scale ranging from 1-5 (1=Almost Always and 5=Never) and 1-4 (1=Very experienced and 4=Never used ChatGPT or equivalent AI). Survey question six: "Has your organization purchased AI or its applications from vendors (e.g., chatbots, DonorSearch)? was also utilized to describe reported use of organizational AI.

A variable, named "Personal Use Utility," analyzed survey question four (a-j): "How often do *you* use AI for tasks in these specific professional areas? Rate all that apply" to

understand how (and in which areas) individuals utilize AI tools professionally. A sum of scores was also used to reveal the extent to which individuals utilize AI in professional areas overall.

A variable, named "Professional Use Utility," analyzed survey question seven (a-j): "How often does your *organization* use AI for tasks in these specific professional areas? Rate all that apply" to understand how (and in which areas) organizations utilize AI tools professionally. A sum of scores was also used to reveal the extent to which organizations utilize AI in professional areas overall.

Three questions assessed organizational readiness (survey items 26, 27, and 28) for AI use. These questions ask: "What is the current preparedness level of your organization to deal with the potential risks of AI?," "Has your organization provided guidance on the *practical* use of AI-based tools or solutions?," and "Does your organization have in place employee training or policies to mitigate the following risks? (check all that apply)," respectively. A variable named "Readiness," consists of a sum of scores for question 28 (a-l) and measures organizational readiness based on the availability of policies or trainings to mitigate risk for use.

Cronbach's alpha measured the internal consistency for the three mentioned scales. "Personal Use Utility," "Professional Use Utility," and "Readiness" are highly reliable. "Personal Use Utility" consists of items four (a-j) ($\alpha = .89$), "Professional Use Utility" consists of items seven (a-j) ($\alpha = .90$), and "Readiness" consists of items 28 (a-l) ($\alpha = .98$).

Perceived Concerns, Risks, and Benefits

The second research question including sub questions explores the nature and extent of perceived concerns, risks, and benefits of AI use in philanthropy. Concerns, risks, and benefits were measured through several survey questions. To capture what professionals in the philanthropic sector report as benefits in relation to AI use, question 8 (a-f): "What is the level of

potential benefit of AI use in the following areas? Rate all that apply" was measured to understand how (and in which areas) individuals are reporting the potential benefit of AI use. Additionally, a new variable named "Beneficial Scale" comprising of a sum of scores for question 8 (a-f) was computed to understand the perceived benefit regarding the use of AI in the given areas overall.

To capture what professionals in the philanthropic sector report as concerns in relation to AI use, questions 9, 10, 12, 13, 15-19, and 21-24 were measured to understand how (and in which areas) individuals report the potential concern of AI use risks and specifically which areas they see as the most potential concern for use. For example, survey question 21 states and asks: "A risk exists that AI may replace tasks routinely done by staff that results in jobs being restructured or layoffs. What is your level of concern with the potential disruption caused by AI replacing jobs and/or workers?" and question 13 states and asks: "A risk exists that AI responses can be inaccurate (i.e., "hallucinating" by making up false answers) and the false information provided could have harmful consequences. What is your level of concern for this risk?" Possible responses to questions ranged from 1-5 (1=Very Concerned and 5= Not concerned at all). Lastly, a new variable named "Concern Scale" comprising of a sum of scores for questions 9, 10, 12, 13, 15-19, and 21-24 was computed to understand the perceived concerns regarding the use of AI in the given risk areas overall. Four subcategories from the "Concern Scale" were computed to understand the perceived concerns regarding the use of AI in the specific risk areas. The subcategories are as follow: "Confidentiality Scale" (survey items 9 and 10), "Bias Scale" (survey items 12 and 13), "Trust/Transparency Scale" (survey items 15-19), and "Organizational Effectiveness Scale" (survey items 21-24).

Cronbach's alpha measured the internal consistency for the six mentioned scales.

"Beneficial Scale," "Concern Scale," "Confidentiality Scale," "Bias Scale," "Trust/Transparency Scale," and "Organizational Effectiveness Scale" are highly reliable. "Beneficial Scale" consists of items 8 (a-f) ($\alpha = .87$), "Concern Scale" consists of items 9, 10, 12, 13, 15-19, and 21-24 ($\alpha = .93$), "Confidentiality Scale" consists of items 9 and 10 ($\alpha = .97$), "Bias Scale" consists of items 12 and 13 ($\alpha = .86$), "Trust/Transparency Scale" consists of items 15-19 ($\alpha = .90$), and "Organizational Effectiveness Scale" consists of items 21-24 ($\alpha = .88$).

Current State of and Need for Ethical Guidance

The third research question including sub questions describes the current state of and need for ethical guidance in specific areas of philanthropic functioning to manage AI risk. The current state of and need for ethical guidance were measured through several survey questions. Survey question 30a measured the ethical need for confidentiality, survey question 30b measured the ethical need for bias, survey question 30c measured the ethical need for trust/transparency, and survey question 30d measured the ethical need for organizational effectiveness. Question 30 (a-d) asks: "What is the need for ethical guidance in the following areas? a. Confidentiality, b. Bias, c. Trust/transparency, and d. Organizational Effectiveness" and is a Likert scale question ranking from 1-5 (1=Very High and 5=Very Low). A new variable named "Needed Ethical Guidance Scale" comprising of a sum of scores for survey question 30 (a-d) was computed to measure the need for ethical guidance for confidentiality, bias, trust/transparency, and organizational effectiveness overall. Cronbach's alpha measured the internal consistency for "Needed Ethical Guidance Scale." "Needed Ethical Guidance Scale" consists of items 30 (a-d) ($\alpha = .72$).

To capture what ethical framework professionals in philanthropy prioritize for managing AI risks, assessing which ethical framework guides risk management of AI in six areas is

necessary. The first four areas of focus are 1) Confidentiality, 2) Bias, 3) Trust/Transparency, and 4) Organizational Readiness. The fifth area measured which ethical framework characterizes an *organization's* approach to the use of AI overall. The sixth area measured which ethical framework *should* characterizes an organization's approach to the use of AI overall. Survey questions 11 (confidentiality), 14 (bias), 20 (trust/transparency), 24 (organizational effectiveness), 32 (overall current approach), and 33 (overall proposed approach) were analyzed to capture the ethical frameworks professionals in philanthropy prioritize for managing certain AI risks.

An example survey question for assessing which ethical framework guides risk management of AI is question 20: "Consider the following scenario. A nonprofit uses AI to manage communications with donors and community members. However, the AI communications alter the unique voice and identity of the nonprofit. The nonprofit is considering two ethical approaches to make policy. Which of these two approaches do you think is best? Although both apply, choose the best one." Answer options included: 1) Utilitarian Approach: Allow AI flexibility in message crafting to increase communications with donors and community members, even if it means straying from the nonprofit's established voice and style and 2) Care-Based Approach: Implement strict rules to limit AI use in communications to maintain the organization's personal tone and style in relating to stakeholders, even if it means reduced communication effectiveness and efficiency. To measure which ethical framework characterizes an *organization's* approach to the use of AI overall, survey question 32 asks: "Although all may apply, which best characterizes your *organization's* ethical overall approach to the use of AI?" Answer options include: 1) Utilitarian Approach: Maximize benefits and minimize harm, 2) Rights-Based Approach: Protect individual rights, 3) Care-Based Approach: Preserve

relationships with stakeholders, 4) Virtues Approach: Maintain a virtuous reputation, and 5) Unknown. A demographic survey question on organization size was used for descriptive statistics.

Procedure

Data collection began in May 2024 and ended in June 2024 with recruitment consisting of both convenience and snowball sampling. CFLeads partnered in the distribution of the survey to members with a cover letter and link to the survey (created in Qualtrics), requesting the Executive Director to fill out the survey and, if desired, send to other relevant members of their organizations. United Way Greenville also partnered in the distribution of the survey by sending a cover letter and link to their nonprofit network. Participants were informed of the study purposes, which are to describe the nature and extent of AI integration in philanthropic organizations and to assess the capacity and readiness of organizations in adopting AI for philanthropic use, to explore the nature and extent of perceived concerns, risks, and benefits of AI use in philanthropy, and to describe the current state of and need for ethical guidance in specific areas of philanthropic functioning to manage AI risk. Participants were also informed that there were no risks associated with the study. Additionally, participants were informed the length of the survey, and that it would take the participant about 10-15 minutes to complete the survey. Consistent with the approved IRB protocol, participants were informed that participation was voluntary and that no identifying information would be collected.

Approach to Analyses

Prior to addressing the research questions, the data preparation will be discussed. The dataset merged two sets of collected data (one set from CFL and one set from United Way Greenville). The data was transferred from Qualtrics into SPSS (Version 29) where

transformations were made to the data such as cleaning the data and addressing issues with missing values. After addressing missing values, 42 out of 72 survey responses were utilized in the final analysis of the survey.

A total of 72 surveys were submitted. However, some of the surveys returned did not consent to the survey and therefore were omitted from analysis. Additionally, some of the respondents only answered the first few questions and did not complete the survey and were omitted due to missing data. The decision to omit participants who had missing data was made because the participants had missing data on demographic, concerns, and the ethical framework questions which were necessary for analysis. These particular questions were in the latter part of the survey and were not completed by participants who only completed the first few questions of the survey. After eliminating the surveys of individuals who did not consent to the survey and the incomplete surveys, a total of 42 surveys were used for analysis. The 42 participants whose surveys were included for analysis completed 100% of the survey questions.

Several items were also coded in the data. Specifically, items 1-5, 7-10, 12, 13, 15-19, 21-24, and 30 were reverse scored. For example, an item that was initially ranked a 5 was reverse scored to a 1, an item ranked a 4 was reverse scored to a 2, items ranked as a 3 did not change as they were the middle value. Additionally, several variables were created to complete the data analysis. A variable “Personal Use Utility” was created using survey questions 4 (a-i). “Professional Use Utility” was created using survey questions 7 (a-i). “Readiness” was created including survey items 28 (a-l). “Beneficial Scale” was created including survey items 8 (a-f). “Concerned Scale” was created including survey items 9, 10, 12, 13, 15-19, 21-24. “Confidentiality Scale” was created including survey items 9 and 10, “Bias Scale” was created including survey items 12 and 13, “Trust/Transparency scale” was created including survey

items 15-19, and “Organizational Effectiveness Scale” was created including survey items 21-24. Lastly, “Needed Ethical Guidance” was created including survey items 30 (a-d).

After data preparation, univariate and bivariate analyses were conducted to answer the research questions. First descriptive statistics were generated to summarize characteristics of key variables. Specifically, means and frequencies were calculated for continuous and categorical variables. Second, the following inferential statistics were used to address the remaining research questions: paired one way t-test, Pearson’s correlation, Kruskal-Wallis H, and analysis of variance (ANOVA).

Chapter IV displays the results achieved from the survey data through quantitative data analysis. The findings are presented.

CHAPTER FOUR

RESULTS

Results

This chapter presents the main findings of the study through quantitative data analysis from the anonymous online survey (n=42) conducted with community foundation leaders and nonprofit organization leaders through Qualtrics. Descriptive statistics and results for each of the research questions and hypotheses are presented.

Descriptive Statistics

From the 42 subjects who participated and were included in the analysis, 32 of the participants were female (76.2%) and 10 (23.8%) of the participants were male. The age of the participants ranged between 26 and 65+ years old and 71.5% of respondents were between the ages of 45-64. The organization's locations were identified in 18 different states and 92.9% of organizations have been in operation for more than 20 years. One out of three participants reported that they had over 20 years of involvement with philanthropy and one out of three participants stated 11-20 years of involvement in philanthropy. Organizations identified as small (45.2%), medium (38.1%), and large (16.7%) with focus areas such as healthcare (2.4%), education (7.1%), and other (90.5%). Executive Directors and Program Officers accounted for 40.5% of roles within organizations. Organizations were identified as community foundations (73.8%) and nonprofits (26.2%) with locations in urban (33.3%), suburban (23.8%), and rural (42.9%) settings, with 38.1% reporting operating budgets of over 500 million dollars and 35.7% with operating budgets of 50-500 million dollars. Table 2 displays a more in-depth view into the descriptive statistics.

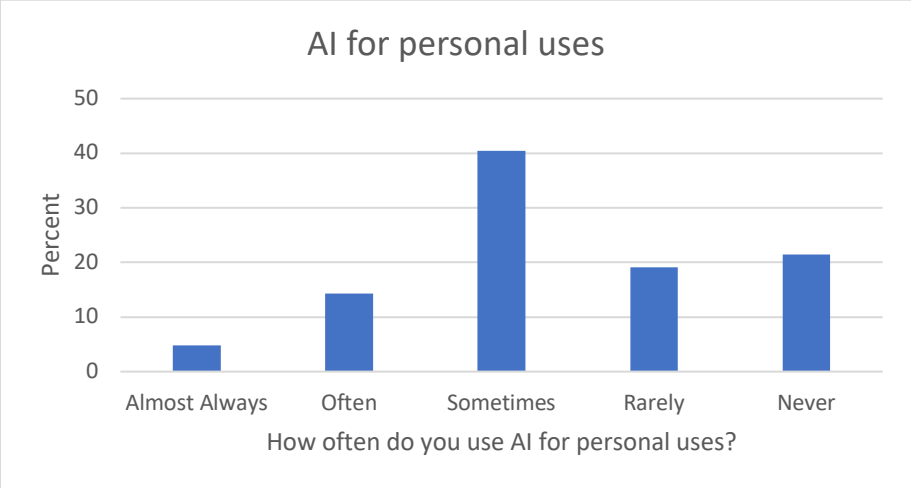
RQ1.1: How do professionals in the philanthropic sector report their use of AI?

Personal Use of AI

The most frequently reported use of AI for personal use was "sometimes," reported by 40.5% of respondents (*n* =17) (Figure 3) and the most frequently reported personal levels of experience with the use of AI were "somewhat experienced" and "not very experienced." "Somewhat experienced" was reported by 38.1% of respondents (*n* =16) and "Not very experienced was reported by 33.3% of respondents (*n* =14).

Figure 3

AI for Personal Use



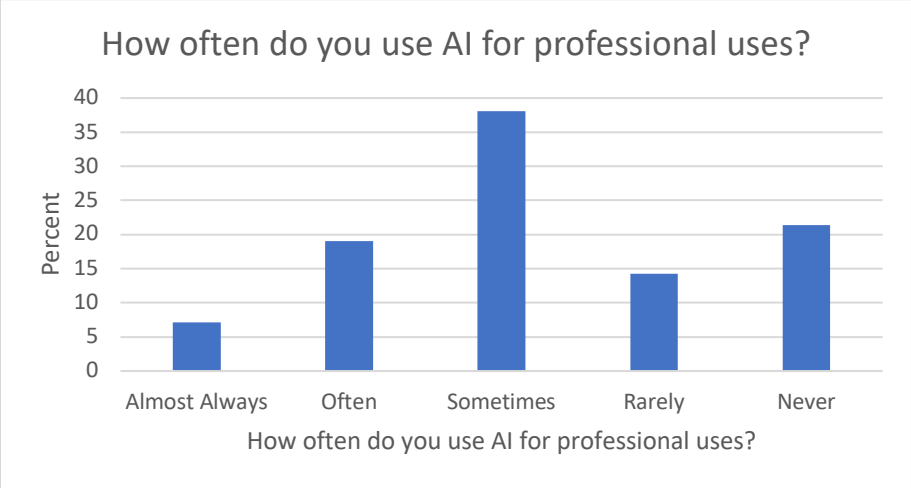
Note. Frequency of AI for personal use.

Professional Use of AI

The most frequently reported use of AI for professional uses was "sometimes," reported by 38.1% of respondents (*n* =16). Additionally, 35.7% (*n* = 15) of respondents state they "rarely" or "never" use AI for professional uses. The most frequently reported level of *organization's* experience with AI and its applications was "not very experienced," reported by 71.4% (*n* =30) of respondents (Figure 4).

Figure 4

AI for Professional Use



Note. Frequency of AI for professional use.

In regard to whether organizations purchased AI or its applications from vendors, 71.4% (n = 30) reported "No," their organizations have not purchased AI or its applications. Half of individuals (50%) report that they "never" used AI for tasks in professional areas overall and another 28.7% reported they "rarely" used AI for tasks in professional areas overall. AI professional use was reported as used "often" for the following applications: Marketing (16.7%), social media (16.7%), and donor engagement (16.7%). Similarly, approximately half of organizations (50.1%) report that they "never" use AI for tasks in professional areas overall and another 42.8% report they "rarely" use AI for tasks in professional areas overall, but organizations did report using AI "often" (16.1%) for social media.

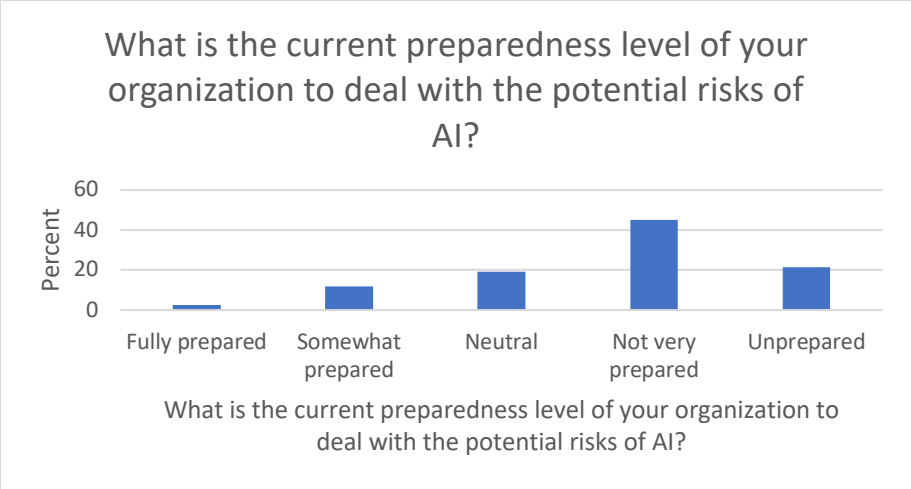
Readiness

Two out of three respondents (66.6%) reported the preparedness level of their organization as "not very prepared" or "unprepared" to deal with the potential risks of AI (M = 2.29, SD = 1.02) (Figure 5). Many respondents (38.1%) also reported that their

organization “has no plans to provide guidance” on the *practical* use of AI-based tools or solutions (M = 2.24, SD = 1.41) (Figure 6). Most respondents (85.8%) reported that their organization does not have employee training or policies to mitigate risks for use in place.

Figure 5

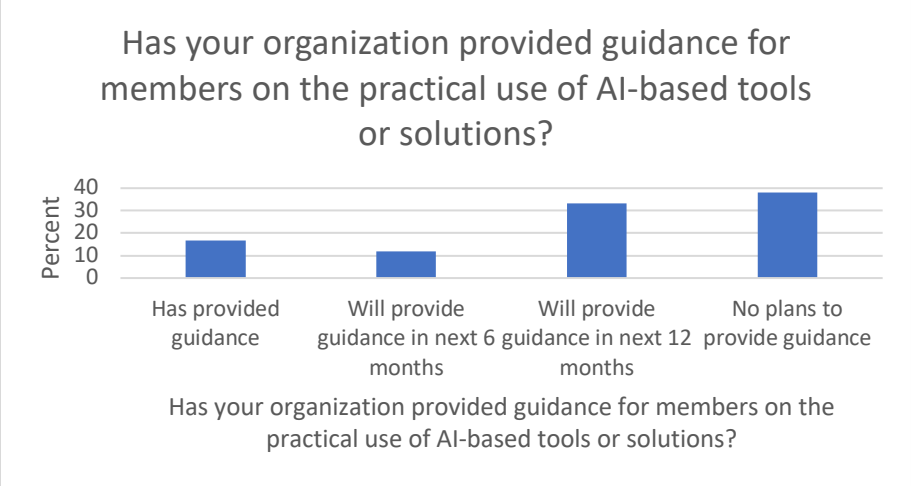
AI Preparedness Level



Note. Frequency of AI preparedness level.

Figure 6

AI Practical Use Guidance



Note. Frequency of AI practical use guidance.

Cronbach's alpha was used to measure internal consistency for the three scales used for analysis for RQ1.1. "Personal use utility," "Professional use utility," and "Readiness" are highly reliable. "Personal use utility" consists of items four (a-j) (α = .89), "Professional use utility" consists of items seven (a-j) (α = .90), and "Readiness" consists of items 28 (a-l) (α = .98).

RQ1.2: Is there a significant difference between reported personal and professional AI use and experience in the philanthropic sector?

For reported use of AI for personal uses, responses ranged from 1-5, with a median of 3 (M = 3.38, SD = 1.13). For reported use of AI for professional uses, responses also ranged from 1-5, with a median of 3 (M = 3.24, SD = 1.21). The most frequently reported use of AI for personal uses was "sometimes," reported by 40.5% of respondents (n = 17) and the most frequently reported use of AI for professional uses was also reported as "sometimes" by 38.1% of respondents (n = 16). Personal AI use and professional AI use were strongly and positively correlated (r = 0.758, p < .001). A paired samples t-test showed that there was no significant difference between reported personal and professional AI use $t(41) = -1.14$, $p > .05$.

For personal level of experience with the use of AI, responses ranged from 1-4, with a median of 3 (M = 2.62, SD = 0.91). The most frequently reported personal level of experience with the use of AI was "somewhat experienced" reported by 38.1% of respondents (n = 16). For professional level of experience with the use of AI, responses ranged from 2-3, with a median of 3 (M = 2.90, SD = 0.53). The most frequently reported level of *organization's* experience with AI and its applications was "not very experienced" reported by 71.4% of respondents (n = 30).

A paired samples t-test revealed a significant difference between reported level of personal experience with the use of AI and reported level of an organizations experience with AI use $t(41) = 1.91$, $p < .05$.

H1.2. There will be a significant difference between reported personal and professional AI use and experience. Reported scores of personal use and experience of AI will be higher than reported scores of professional use of AI.

A paired samples t-test showed that there was no significant difference between reported personal and professional AI use, $t(41) = -1.14$, $p > .05$. H1.2 was not supported.

A paired samples t-test supports that there was a significant difference between reported level of personal experience with the use of AI and reported level of an organizations experience with AI use $t(41) = 1.91$, $p < .05$.

Personal experience with the use of AI ($M = 2.62$, $SD = .91$) was lower than organizational experience with the use of AI *(*$M = 2.90$, $SD = .532$). A comparison of means revealed that reported scores of personal experience with the use of AI were lower than reported scores of organizations experience with the use of AI ($M = 3.24$). H1.2 was not supported.

RQ1.3: Is there an association between an individual's use of AI for tasks in specific professional areas and how often their *organization* uses AI for tasks in specific professional areas?

Approximately half of organizations (50.1%) reported that they "never" use AI for tasks in professional areas overall and another 42.8% reported they "rarely" use AI for tasks in professional areas overall. Half of individuals (50%) reported that they "never" use AI for tasks in professional areas overall and another 28.7% reported they "rarely" use AI for tasks in professional areas overall. A Pearson correlation coefficient was computed to assess the relationship between an individual's use of AI for tasks in specific professional areas and how often their *organization* uses AI for tasks in specific professional areas.

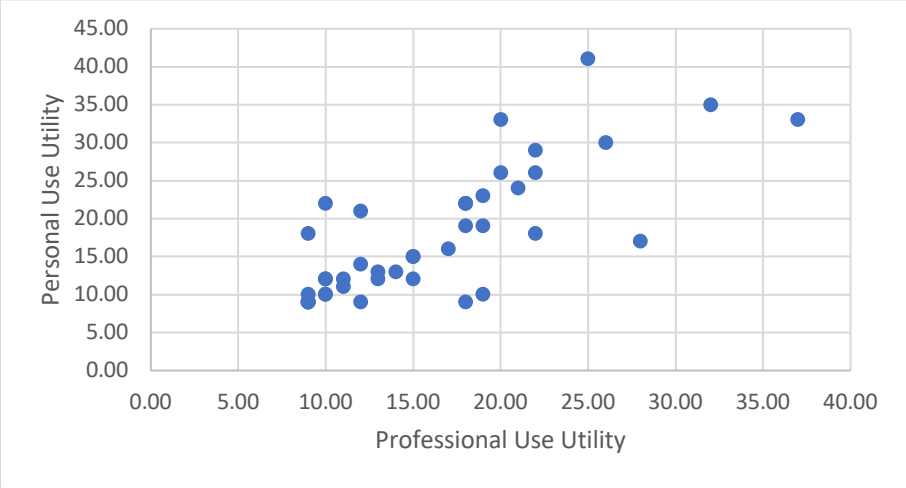
H1.3. There will be a significant positive relationship between how often individuals use AI for

tasks in specific professional areas and how often their organization uses AI for tasks in specific professional areas.

There was a positive correlation between the two variables, $r(41) = 0.773$, $p = 0.01$. Figure 7 summarizes the results through a scatterplot. Overall, there was a strong, positive correlation between how often individuals use AI for tasks in specific professional areas and how often their organization uses AI for tasks in specific professional areas. H1.3 is supported.

Figure 7

Individual and Organizational AI Use in Professional Areas



Note. Example of Individual and Organizational AI Use in Professional Areas

RQ1.4: What is the reported organizational readiness for AI use and how does it vary based on the size of the organization?

To address this question, a one-way ANOVA test was performed to compare the effect of organization size on reported organizational readiness for AI use. A one-way analysis of variance (ANOVA) showed that the size of the organization did not show any variance in the level of reported readiness (training and policies). There was not a significant difference $F(2, 39) = 2.18$, $p = .127$ among groups. Figure 3 summarizes the results.

To account for low cell count, an additional Kruskal-Wallis H test was computed. A Kruskal-Wallis H showed that there was not a statistically significant difference in organizational readiness for AI use between the different organization sizes, $\chi^2(2) = 1.41$, $p = 0.495$, with a mean score of 20.42 for small organizations, 20.88 for medium organizations, and 25.86 for large organizations.

Table 3

Organizational AI Readiness and Size of Organization

ANOVA
Readiness

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	247.140	2	123.570	2.175	.127
Within Groups	2215.836	39	56.816		
Total	2462.976	41			

$^{***}p < .001$.

Note. ANOVA of Organizational AI Readiness and Size of Organization.

H1.4. Larger organizations will report higher readiness levels (training and policies).

The majority of respondents (85.8%) reported that their organization does not have employee training or policies to mitigate risks in place ($M = 49.02$, $SD = 7.75$). Organizational readiness for AI use did not significantly vary based on the size of the organization $F(2, 39) = 2.18$, $p = .127$. A Kruskal-Wallis H showed that there was not a statistically significant difference in organizational readiness for AI use between the different organization sizes, $\chi^2(2) = 1.41$, $p = 0.495$, with a mean score of 20.42 for small organizations, 20.88 for medium organizations, and 25.86 for large organizations. H1.4 is not supported.

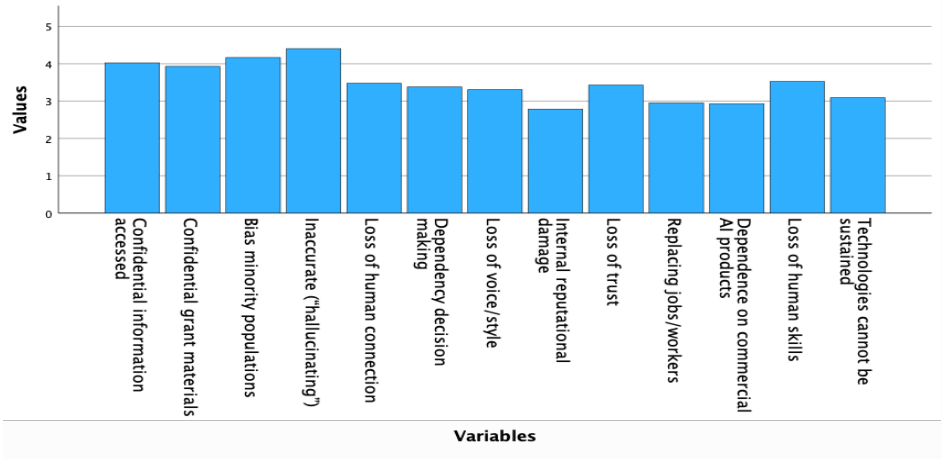
RQ2.1: What concerns and benefits do professionals in the philanthropic sector report in relation to AI use?

Concerns

The reported concerns (risks) are confidentiality, bias, trust/transparency, and organizational effectiveness. The concerns that had the highest percentage of "very concerned" responses include: The risk that organizational confidential information (e.g., donor characteristics) input into AI could later be accessed by others outside the organization (reported by 47.3% of respondents) and the risk that AI responses can be inaccurate (i.e., "hallucinating") and the false information provided could have harmful consequences (reported by 59.5% of respondents), which are confidentiality and bias concerns, respectively. Two other concerns were also reported as "very concerned": The risk that grant materials and reviews of confidential grant materials (e.g., intellectual property, plagiarism) input into AI can be accessed by others outside the organization (M = 3.93, SD = 1.23) and the risk that some uses of AI may reflect biases present in the data that AI used in its training that may result in underrepresentation of programs serving minority populations (M = 4.17, SD = 0.88) (Figure 8).

Figure 8

Perceived AI Concerns



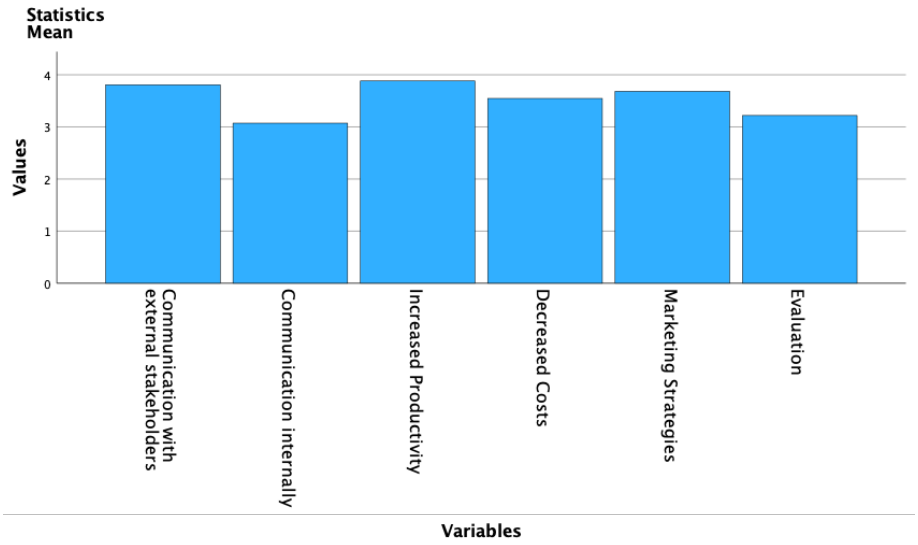
Note. Frequencies of reported perceived AI concerns.

Benefits

The areas with the highest level of reported potential benefit are increased productivity (M = 3.88, SD = 0.86), and communication with external stakeholders (donors, grantees) (M = 3.81, SD = 1.11). For increased productivity, 73.8% of individuals reported "very high" or "high" potential benefit, and for communication with external stakeholders, 76.2% reported "very high" or "high" potential benefit (Figure 9).

Figure 9

Perceived AI Benefits



Note. Frequencies of reported perceived AI benefits.

RQ2.2. Is there an association between reported concerns (risks) and benefits to philanthropic organizations through the use of AI?

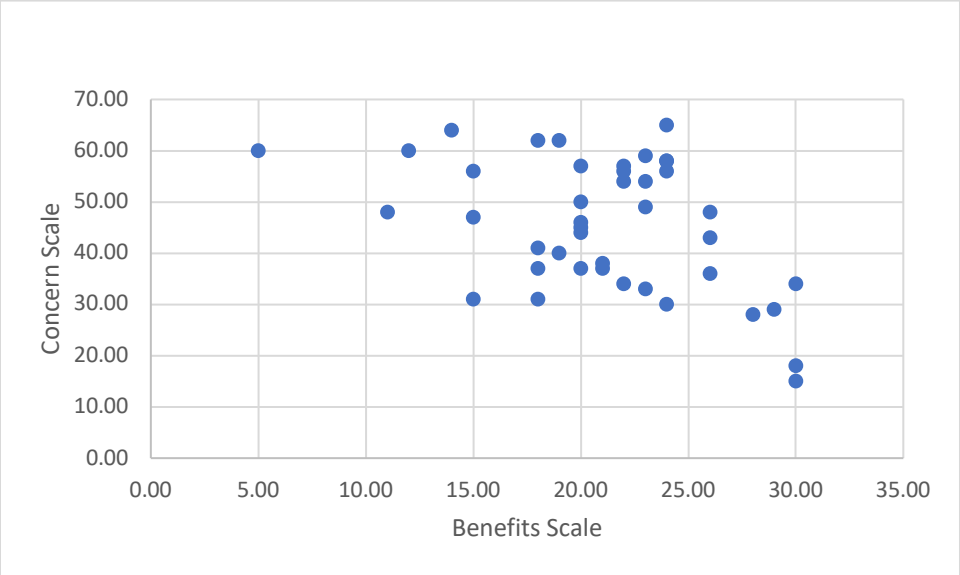
A Pearson correlation coefficient was computed to assess the relationship between reported concerns (risks) and benefits to philanthropic organizations through the use of AI.

H2.2. There is a statistically significant negative association between reported concern (risks) and benefits to philanthropic organizations through the use of AI.

There was a moderate negative correlation between the two variables, $r(42) = -0.46$, $p = 0.01$. A scatterplot summarizes the results (Figure 10). Overall, there was a moderate, negative correlation between reported concerns (risks) and benefits to philanthropic organizations through the use of AI. H2.2. is supported.

Figure 10

Association Between Concerns, Risks, and Benefits of AI Use



Note. Correlation between concerns, risks, and benefits of AI use.

RQ2.3: How do the levels of reported concerns (risks) and benefits of AI use vary based on the size of the organization?

To address this question, a one-way ANOVA test was performed to compare the effect of the size of the organization and reported concerns (risks) and benefits. Size of organization was conceptualized as small, medium, and large. A one-way ANOVA showed the size of the organization showed variance in the level of reported benefits. There was a significant difference in the level of reported benefits between the different organization sizes $F(2, 39) = 4.79$, $p = .014$ (Table 4), but not for reported concerns ($F(2, 39) = .016$, $p = .984$).

Table 4

Benefits and Concerns and Size of Organization

ANOVA

Benefits and Concerns

		Sum of Squares	df	Mean Square	F	Sig.
Benefit Scale	Between Groups	136.619	2	68.310	4.793	.014
	Within Groups	555.857	39	14.253		
	Total	692.476	41			
Concern Scale	Between Groups	5.600	2	2.800	.016	.984
	Within Groups	6810.805	39	174.636		
	Total	6816.405	41			

$^{***}p < .001$.

Note. ANOVA of Benefits and Concerns and Size of Organization.

To account for low cell count, an additional Kruskal-Wallis H test was computed. A Kruskal-Wallis H showed that there was a statistically significant difference in in the level of reported benefits between the different organization sizes, $\chi^2(2) = 9.23$, $p = 0.01$. A Kruskal-Wallis H showed that there was not a statistically significant difference in in the level of reported concerns between the different organization sizes, $\chi^2(2) = 0.004$, $p = 0.998$.

H2.3. Larger organizations will report higher benefits of AI use and lower concern and risk of AI use.

A one-way ANOVA and a Kruskal-Wallis H demonstrated that there was a significant difference between groups and that larger organizations reported higher benefits of AI use.

A one-way ANOVA and Kruskal-Wallis H demonstrated that there was not a significant difference between groups and that larger organizations did not report lower concern (risk) of AI use than smaller organizations $F(2, 39) = 4.79$, $p = .014$. H2.3. is supported.

Cronbach's alpha was used to measure internal consistency for the six scales that were used for analysis for RQ2. "Beneficial Scale," "Concern Scale," "Confidentiality Scale," "Bias Scale," "Trust/Transparency Scale," and "Organizational Effectiveness Scale" are highly reliable. "Beneficial Scale" consists of items 8 (a-f) (α = .87), "Concern Scale" consists of items 9, 10, 12, 13, 15-19, and 21-24 (α = .93), "Confidentiality Scale" consists of items 9 and 10 (α = .97), "Bias Scale" consists of items 12 and 13 (α = .86), "Trust/Transparency Scale" consists of items 15-19 (α =.90), and "Organizational Effectiveness Scale" consists of items 21-24 (α = .88).

RQ3.1: What is the perceived need for ethical guidance for AI use in philanthropy?

The majority of respondents reported "very high" need for ethical guidance in all four areas of concern (confidentiality, bias, trust/transparency, and organizational effectiveness). The need for ethical guidance for confidentiality was reported as "very high" by 85.7% of respondents. The need for ethical guidance for bias was reported as "very high" by 69.0% of respondents. The need for ethical guidance for trust/transparency was reported as "very high" by approximately three out of four respondents (76.2%). Lastly, the need for ethical guidance for organizational effectiveness was reported as "very high" by 59.5% of respondents. Cronbach's alpha was used to measure internal consistency for "Needed Ethical Guidance Scale," which was used for analysis. "Needed Ethical Guidance Scale" consists of items 30 (a-d) (α = .72).

A Pearson correlation coefficient was computed to assess the relationship between self-reported need for ethical guidance and concern categories.

H3.1. There is a statistically significant positive association between self-reported need for ethical guidance and concern (risk) categories.

There is a positive correlation between the two variables, $r(41) = 0.32$, $p = 0.05$ (Table 5). Overall, there was a weak positive correlation between self-reported need for ethical guidance

and concern. H3.1. is supported.

Table 5

Association Between Ethical Guidance and Concerns

Correlations

		Needed ethical guidance	Concern scale
neededethicalguidance	Pearson Correlation	1	.322*
	Sig. (2-tailed)		.038
	N	42	42
concernscale	Pearson Correlation	.322*	1
	Sig. (2-tailed)	.038	
	N	42	42

*. Correlation is significant at the 0.05 level (2-tailed).

Note. Correlation between reported need for ethical guidance and reported concerns.

H3.1a. There is a statistically significant positive association between self-reported need for ethical guidance and confidentiality.

There was a positive correlation between the two variables, $r(41) = 0.313$, $p = 0.05$. Overall, there was a weak positive correlation between self-reported need for ethical guidance and concern for confidentiality. H3.1a. is supported.

H3.1b. There is a statistically significant positive association between self-reported need for ethical guidance and bias.

There was a positive correlation between the two variables, $r(43) = 0.30$, $p = 0.05$. Overall, there was a weak, positive correlation between self-reported need for ethical guidance and concern for bias. H3.1b. is supported.

H3.1c. There is a statistically significant positive association between self-reported need for ethical guidance and trust/transparency.

There was a positive correlation between the two variables, $r(35) = 0.261$, $p = 0.05$. Overall, there was a weak, positive correlation between self-reported need for ethical guidance and concern for trust/transparency. H3.1c. is supported.

H3.1d. There is a statistically significant positive association between self-reported need for ethical guidance and organizational effectiveness.

There was a positive correlation between the two variables, $r(43) = 0.266$, $p = 0.05$. Overall, there was a weak, positive correlation between self-reported need for ethical guidance and concern for organizational effectiveness. H3.1d. is supported.

RQ3.2. What ethical framework do professionals in philanthropy prioritize for managing AI risk?

Depending on the concern, different ethical frameworks are preferred by professionals in philanthropy. The following four concerns (confidentiality, bias, trust/transparency, and organizational effectiveness) will be addressed.

The most self-reported and prioritized ethical approach to manage AI risk for confidentiality is the Rights-Based Approach. The Rights-Based Approach was the ethical framework selected to guide risk management of AI for confidentiality by 83.3% of respondents ($M = 1.81$, $SD = 0.46$). Even though the majority preferred the Rights-Based Approach, 16.7% selected the Utilitarian Approach.

The most self-reported and prioritized ethical approach to manage AI risk for bias is the Virtues Approach. The Virtues Approach was the ethical framework selected to guide risk management of AI for bias by 81% of respondents ($M = 1.81$, $SD = 0.40$). Even though the majority preferred the Virtues Approach, 19% selected the Utilitarian Approach.

The most self-reported and prioritized ethical approach to manage AI risk for

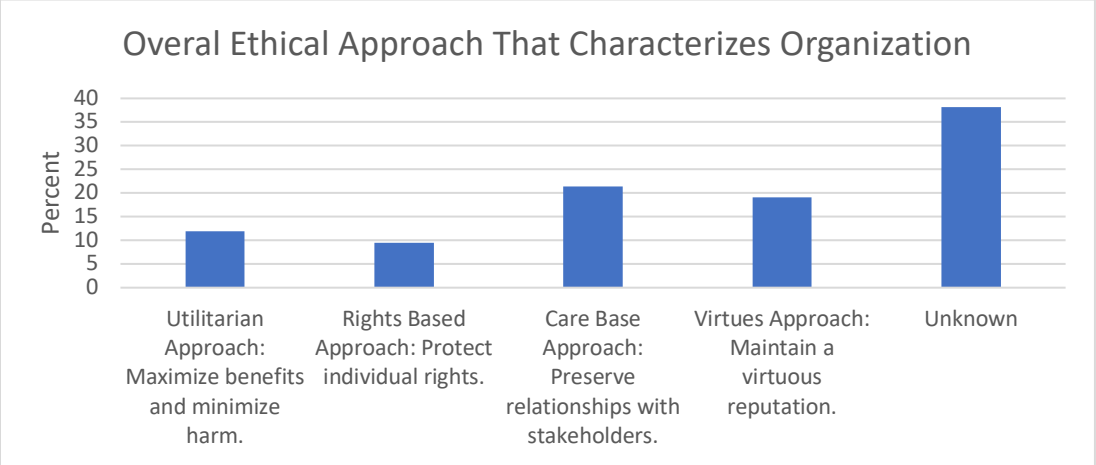
trust/transparency is the Care-Based Approach. The Care-Based Approach was the ethical approach selected to guide risk management of AI for trust/transparency by 81% of respondents ($M = 3.38$, $SD = 1.31$). Even though the majority preferred the Care-Based Approach, 19% selected the Utilitarian Approach.

The most self-reported and prioritized ethical approach to manage AI risk for organizational effectiveness is the Utilitarian Approach. The Utilitarian Approach was the ethical approach selected to guide risk management of AI for organizational effectiveness by 61.9% of respondents ($M = 1.38$, $SD = 0.49$). Even though the majority preferred the Utilitarian Approach, 38.1% selected the Virtues Approach.

The most frequently reported ethical framework that characterizes an organization's overall ethical approach to the use of AI was Unknown (M = 3.62, SD = 1.40). Even though the majority reported Unknown, respondents also reported the Utilitarian Approach (11.9%), the Rights-Based Approach (9.5%), the Care-Based Approach (21.4%), and the Virtues Approach (19%) (Figure 11).

Figure 11

Overall Ethical Approach

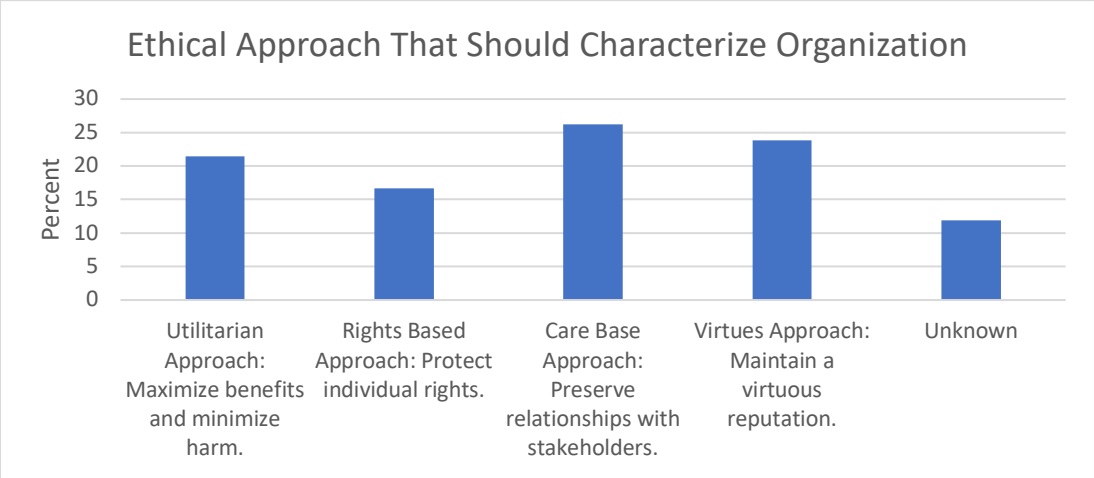


Note. Frequencies of reported overall ethical approach that characterizes organization.

The most frequently reported ethical framework which *should* characterize an organization's ethical overall approach to the use of AI was the Care-Based Approach ($M = 2.88$, $SD = 1.33$). Even though the majority report the Care-Based Approach (26.2%), respondents also report the Utilitarian Approach (21.4%), the Rights-Based Approach (16.7%), the Virtues Approach (23.8%), and Unknown (11.9%) (Figure 12).

Figure 12

Overall Ethical Approach That Should Characterize Organization



Note. Frequencies of reported overall ethical approach that should characterize organization.

RQ3.3. How do preferences regarding ethical framework for managing AI risk vary depending on organization size?

To address this question, a one-way ANOVA test was performed. A one-way analysis of variance showed that when considering self-reported and prioritized ethical approach to manage AI risk and size of the organization, there was not a significant difference $F(2, 39) = .048$, $p = .953$.

H3.3a. Larger organizations are more likely to report the Utilitarian Approach as the prioritized ethical approach to manage AI risk.

A one way ANOVA demonstrated that when considering self-reported and prioritized ethical approach to manage AI risk and size of the organization, there was not a significant difference $F(2, 39) = .048$, $p = .953$ (Table 6). Ethical framework for managing AI risk did not vary depending on organization size. H3.3a. is not supported.

Table 6

Overall Ethical Approach That Should Characterize Organization and Organization Size

ANOVA

Although all may apply, which should characterize your organization's ethical overall approach to the use of AI?

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	.178	2	.089	.048	.953
Within Groups	72.227	39	1.852		
Total	72.405	41			

$^{***}p < .001$.

Note. Self-reported and prioritized ethical approach to manage AI risk and size of the organization.

H3.3b. Smaller organizations are more likely to report the Care-Based Approach as the prioritized ethical approach to manage AI risk.

A one way ANOVA demonstrated that when considering self-reported and prioritized ethical approach to manage AI risk and size of the organization, there was not a significant difference $F(2, 39) = .048$, $p = .953$. H3.3b. is not supported.

Summary of Results

Three research questions, with sub questions, and 12 hypotheses were proposed, described, and tested for this study. The exploratory results of this study provide evidence that there are differences between reported personal and professional AI use and significant

differences in level of AI use experience in the philanthropic sector. The results also revealed that there was a significant positive relationship between how often individuals use AI for tasks in specific professional areas and how often their organization uses AI for tasks in specific professional areas. Additionally, reported organizational readiness for AI use did not vary based on the size of the organization, as most organizations reported low readiness based on the lack of available training and policies. Reported concerns of AI use did not vary based on the size of the organization, however benefits did. Furthermore, the results revealed that there is a negative association between reported concerns (risks) and benefits to philanthropic organizations through the use of AI and that there was a moderate positive association between self-reported need for ethical guidance and reported concerns in all categories of concern (confidentiality, bias, trust/transparency, and organizational effectiveness). The assessment of ethical frameworks that professionals in philanthropy prioritize for managing AI risk revealed that the ethical framework that characterizes an *organization's* ethical overall approach to the use of AI was unknown by participants and the reported ethical framework which *should* characterize an organization's overall ethical approach to the use of AI was the Care-Based Approach. The frameworks prioritized by professionals in philanthropy to manage AI risk revealed differences based on the category of risk as different frameworks were selected for each risk category, however, the preferences did not vary depending on the size of the organization.

Chapter V, the last chapter, is focused on the discussion of the findings in relation to hypotheses and research questions. This chapter also addresses the implications and limitations of this study, as well as recommendations for further studies and concluding thoughts.

CHAPTER FIVE

DISCUSSION

As noted, this dissertation has three primary purposes: (1) To describe the nature and extent of AI integration in philanthropic organizations and to assess the capacity and readiness of organizations in adopting AI for philanthropic use; (2) To explore the nature and extent of perceived concerns, risks, and benefits of AI use in philanthropy; and (3) to describe the current state of and need for ethical guidance in specific areas of philanthropic functioning to manage AI risk. Accordingly, the discussion first provides an interpretation of the results for each purpose. Next, implications of the study, the strengths and limitations of the study, and recommendations for future research are also discussed. With combined insights from both the study and the review of the literature, best practices and recommendations are discussed.

AI Integration for Philanthropic Organizations

Personal and Professional Uses

Professionals in the philanthropic sector report their use of AI in several ways. For example, after exploring AI use and experience from both personal and professional viewpoints, the results from the study in part support the hypothesis that there will be a significant difference between reported personal and professional AI use and experience and that reported scores of personal use and experience of AI will be higher than reported scores of professional use of AI. Specifically, there are differences reported between personal and professional AI use, even though the differences are not significant. However, differences in professional experience with AI between personal and organizational use was significant. AI organizational experience was reported higher than individual experience. Therefore, the results indicate that there is a positive correlation between how often individuals use AI for tasks in specific professional areas and how

often their organization uses AI for tasks in specific professional areas. It also appears that professionals have more AI use in personal settings, but when their organization is using AI then respondents are more likely to use it in professional settings as well.

In summary, personal and professional use differs among respondents and there may be various contributing factors. For example, one possibility is that participants may be hesitant to admit use in professional settings due to possible perceived negative connotations of using AI without attribution. Additionally, the recent introduction of AI and slow organizational adoption may be another contributing factor as to why respondents report low use and low experience. Additionally, considering the reported positive correlation between how often individuals and organizations use AI for tasks in specific professional areas, AI disruption in the philanthropic sector may be more top-down driven through organizational use rather than bottom-up driven through employees bringing AI into the workplace. Employees may be more comfortable utilizing AI if their organization is adopting and embracing AI technologies. Individuals also may not feel comfortable using AI in the workplace until ethical policies are implemented, especially since respondents identified that the majority of organizations have not provided training or policies, and believe their organizations are unprepared to manage AI risk. This supports the research of Sheehan & Sarrantonio (2020) which identified that 83% of nonprofits believe an ethical framework needs to be in place before AI use is present in the sector. Therefore, even though individuals are aware of the benefits of using AI in their job or tasks at their job, they may not feel comfortable using it until ethical policies are in place.

The findings on *personal and professional uses of AI* support the literature in regard to how AI has been used to date in philanthropy or is expected to be used. For example, several areas of AI have been identified that can assist the philanthropic sector such as fundraising,

engaging volunteers and board members, sharing impact, marketing research, and evaluation (Bauer, 2024; Gray, 2023; Hadley, 2023). While the study results indicated that individuals utilized AI more for personal than professional uses, results also revealed that AI for professional use was reported as used "often" for the following applications: Marketing (16.7%), social media (16.7%), and donor engagement (16.7%). These are areas of nonprofit management that typically have large databases for which AI shows promise. These areas of reported use may also be considered low risk and comprise of areas which individuals have had the most AI exposure to.

The results support the current use of AI and the identified possible future uses, even though it has been reported that nonprofit-specific AI is reaching less than 23% of nonprofits (Sheehan & Sarrantonio, 2020). The study findings support the existing uses of AI such as marketing, social media, and donor engagement. The findings in regard to AI integration also reveal a positive association between an individual's use of AI for tasks in specific professional areas and how often their *organization* uses AI for tasks in specific professional areas. Another interesting finding is respondents from the philanthropic sector report that readiness to adopt AI does not depend on organization size, as the majority of respondents reported low readiness because their organization does not have employee training or policies to mitigate risks in place. It was hypothesized that larger organizations have more existing training and policies in place as larger organizations have more staff to manage different areas of organizational functioning, however the study results did not support this.

Benefits and Concerns

Benefits

The survey results identified two areas for high potential benefit in the philanthropic sector. Specifically, increased productivity ($M = 2.12$, $SD = 0.86$), and improved communication with external stakeholders (donors, grantees) ($M = 2.19$, $SD = 1.11$) were identified to have

"high" or "very high" potential benefit by 73.8% and 76.2% of individuals, respectively. This finding is supported by Sheehan and Sarrantonio (2020) who mention that 89% of nonprofit professionals believe that AI can make their organization more efficient, and increased productivity and improved communication with external stakeholders (donors, grantees) can lead to increased productivity for organizations.

Concerns

The survey results revealed that respondents are "concerned" or "very concerned" in all four concern categories: confidentiality, bias, trust/transparency, and organizational effectiveness. The greatest concerns within categories were: The risk that organizational confidential information (e.g., donor characteristics) input into AI could later be accessed by others outside the organization was reported by 47.3% of respondents and the risk that AI responses can be inaccurate (i.e., "hallucinating" by making up false answers) and the false information provided could have harmful consequences was reported by 59.5% of respondents, which are confidentiality and bias concerns, respectively. Two other concerns were also reported as "very concerned": The risk that grant materials and reviews of confidential grant materials (e.g., intellectual property, plagiarism, copyright protection) input into AI can be accessed by others outside the organization ($M = 3.93$, $SD = 1.23$) and the risk that some uses of AI may reflect biases present in the data that AI used in its training that may result in underrepresentation of programs serving minority populations ($M = 4.17$, $SD = 0.88$).

The concerns identified in the study as the most pressing contradict some of the areas that the literature has identified as the most beneficial. For example, the study results revealed the concern of organizational confidential information input into AI (e.g., donor characteristics) could later be accessed by others outside the organization and that grant materials and reviews of

confidential grant materials (e.g., intellectual property, plagiarism, copyright protection) input into AI can be accessed by others outside the organization. As ChatGPT and other AI programs improve, some of these concerns may be mitigated. For example, the newest version of ChatGPT allows users to opt out of having ChatGPT trained on data (e.g., grants) that are input.

The literature has suggested that "applying AI to existing grantmaking to identify patterns and predictive measures of success can be used to inform future funding" (Philanthropy Matters, 2024, p.1), as AI can help identify target donors and the amount of money to ask for from donors (Coen, 2023; Paver, 2023). Additionally, the literature suggests that AI can assist development offices within nonprofit organizations and can also process large amounts of donor data as well as data from external sources, while also making predictions and recommendations about donors (DonorSearch, 2023). However, while the literature reports this as a benefit, respondents from the field have identified inputting their information into AI systems as their greatest concern. This finding can lead to future conversation about weighing the risks and benefits of AI. For example, while confidential information is at risk of being accessed by others outside the organization, inputting grant materials into AI can also allow organizations to realize the benefit of organizational productivity and effectiveness.

The risk that some uses of AI may reflect biases present in the data that AI used in its training that may result in underrepresentation of programs serving minority populations was another concern reported by individuals in the philanthropic sector. While data in AI can present bias or be unrepresentative, it can also have benefit for minority populations. For example, "AI also has the possibility of other language systems (for example, transcription and translation services) making it possible for minority or disadvantaged communities to access grants and funding" (Coen, 2023, p. 1).

The perceived benefits and concerns may also be a result of digital maturity. Considering benefits, as discussed in the literature review, high digital maturity yields many benefits (Salesforce, 2022) and nearly three-quarters of nonprofits agree that digital transformation is vital for their organizations, but only 12 percent of nonprofits were found to be "digitally mature" ("organizations that lean on technology and data to optimize their operations and maximize their mission impact") (AWS, 2024, p.10). Considering that increased productivity is one of the areas that philanthropic leaders report as the highest potential for benefit, adopting digital transformation appears to be a strategic step for organizations to tap into the potential that this technology can bring organizations.

Additionally, philanthropic leaders reported that one of the greatest potential benefits of utilizing AI is that it can strengthen communication with external stakeholders. Salesforce (2022) reports that organizations who have embraced technology have the strongest relationships as well as the highest rates of goal achievement even when considering organizations size, revenue, or location. These nonprofits use technology strategically to build relationships, motivate employees, and adopt new ways of working. Nonprofits with a high level of digital maturity are more likely to have stronger relationships with all stakeholder groups and exceed their goals. According to the report, nonprofits view program participant relationships as strong. On the other hand, nonprofits report relationships with volunteers and donors as weak. While some believe that the use of technology in philanthropy can cause a loss of human connection, Salesforce (2022) reports the contrary, revealing that digitally mature organizations report stronger connections across all of their stakeholder groups. Combining insights from the survey and from Salesforce (2022), all philanthropic organizations regardless of demographics such as size can find potential benefits of the use of AI especially when considering the strength of

relationships with all stakeholder groups.

Even though the reported benefits by the philanthropic sector and from the literature align, the reported concerns also need to be considered. Survey respondents reported several concerns around confidentiality and bias. However, the literature also reveals other concerns and barriers that this study did not account for. For example, regarding digital transformation, even though the potential benefits are reported, barriers to digital transformation do exist. Reportedly, 37% of respondents say that a lack of budget or resources are a barrier to digital transformation (Salesforce, 2022). Additionally, 30% report that their organization has higher priorities. Other reported challenges include a lack of skilled talent within organizations to implement and manage technologies (28%) and a lack of understanding of those technologies within organizations (26%). This study did not ask participants about barriers such as budget or if they acquire the talents to implement such technologies. However, this study did reveal that the sector participants report that regarding whether organizations purchased AI or its applications from vendors, 71.4% (n = 30) report "No," their organizations have not purchased AI or its applications. Therefore, while this study did not ask specifically why organizations are not purchasing these applications, it can be speculated that organizations are either not prioritizing it or do not have the structure in place to manage it.

The results from this study reveal the greatest reported benefits and concerns specifically by individuals in the philanthropic sector as they slightly differ from other discussed sectors such as education and healthcare. Specifically, the healthcare and education sectors are more advanced in AI use than the philanthropy sector. According to the literature, most AI concerns in healthcare center around privacy and confidentiality as healthcare has private and personal patient information that is inputted into systems. If used with AI that information is at a risk of

being shared and trained on by the AI model. In regard to education, most AI concerns are centered around plagiarism and inaccurate information. These are a great concern as students are not only plagiarizing but they can plagiarize incorrect information.

In philanthropy, transparency and trust were hypothesized to be the greatest concern as this was suggested by leaders in the field. However, the study findings suggested that the greatest concerns and benefits were similar to healthcare and education, with the concerns of confidentiality and bias being identified specific to philanthropic uses. Leaders in the field may be unaware of greater potential risks that exist for their sector while being mostly concerned about trust and transparency.

Confidentiality and bias emerging as large concerns for the philanthropic sector were not surprising results as these concerns were present in other sectors such as education and healthcare. However, the concern for trust and transparency not being reported as the greatest concern was surprising as it was speculated by the field to be the greatest concern due to the relational nature of philanthropy. Additionally, due to concerns over loss of trust and transparency it was speculated that utilizing AI to communicate with stakeholders would be the greatest concern, however, the results identified this as one of the top perceived benefits of AI use. There may be various contributing factors to these findings. For example, one possibility is that leaders in the field may be unaware of greater potential risks that exist for their sector such as confidentiality and bias concerns, while focusing on the loss of trust and transparency. Additionally, organizations not embracing or using technology may not be aware of the benefits and concerns due to the lack of exposure to AI use in personal and professional settings. This can lead to benefits being withheld as well as the misunderstanding of potential concerns. There may also be fear present as perceived concerns outweigh the perceived benefits, which was true for

organizations of all sizes. However, study results revealed that as perceived potential of benefits increases, the level of perceived concern decreases, and that larger organizations are especially more likely to report potential benefits. Therefore, although the field is proceeding with caution by recognizing both the benefits and concerns of AI integration, it appears that recognizing the benefits is the best first step to mitigate some perceptions of concerns.

Considering the combined insights of benefits and concerns, the results revealed a negative association between reported concerns (risks) and benefits to philanthropic organizations through the use of AI. Therefore, if organizations are exposed to the benefits of AI and can increase their perceived level of benefits, their level of concern can decrease. However, it was hypothesized that larger organizations would report different levels of concerns and benefits than smaller organizations, but the results revealed that this association did not depend on the size of the organization when regarding concerns, only when considering benefits. There was a significant difference in the level of reported benefits between the different organization sizes suggesting that larger organizations see differences in potential for benefits but not for concerns.

Overall, the field has reported high perceived benefits of AI as well as high perceived concerns. The findings reveal that perhaps the field is proceeding with caution by recognizing both the benefits and concerns of AI integration. The results may also suggest that there is a lack of early AI adopters and exposure to AI therefore individuals see both benefit and concern. Individuals reported higher levels of concerns than benefits, leading to the speculation of bias, in that those individuals who are more concerned about risks are more likely to complete the survey. Another possibility is that the lack of exposure to AI use in personal and professional settings have withheld the potential benefits for use. On the same note, while withholding

benefits, organizational culture and fear may be taking place and perceived concerns are outweighing the perceived benefits. However, the findings from the study suggest that as perceived potential of benefits increases, the level of perceived concern decreases.

Need for Ethical Guidance

The perceived need for ethical guidance for AI use in philanthropy revealed that high need for ethical guidance is reported in all concern areas (bias, confidentiality, trust/transparency, and organizational effectiveness). Additionally, the results revealed a moderate positive correlation between self-reported needs for ethical guidance and reported concerns in all categories of concern. This finding suggests that leaders are interested in ethical guidance in every category of risk. This finding is not surprising as leaders appear to be uncertain on what to prioritize to manage AI risk. For example, when leaders were asked situationally what ethical framework they should prioritize for managing AI risk, the results were inconsistent. The preferences for ethical approaches for each concern (risk) category are as follows: The most self-reported and prioritized ethical approach to manage AI risk for confidentiality was the Rights-Based Approach, for bias it was the Virtues Approach, for trust/transparency it was the Care-Based Approach, and for organizational effectiveness it was the Utilitarian Approach.

Considering confidentiality as the concern, the prioritization of the Rights-Based Approach appears fitting as this approach emphasizes that individuals must be protected. This approach would support individuals to be protected against the misuse of AI. Specifically, as reported in education and healthcare, privacy concerns are common in both sectors, and this approach aims to protect the individual from harms which can be caused due to the use of AI. Specific to the philanthropic sector, if AI is used inappropriately, confidential data about

participants included in a grant could be accessed by others thus not protecting the individual. Perhaps the fear of confidential data being accessed by others is the reason why individuals from the philanthropic sector reported the Rights-Based Approach as the appropriate ethical approach to manage confidentiality concerns.

For bias concerns, the Virtues Approach was the prioritized ethical approach. Because this approach upholds that one should display virtues and act according to exemplary moral values, perhaps individuals fear that bias caused by AI use may not be a reflection of their organizational virtues. By not appropriately representing their virtues, AI use could cause organizational reputational damage. Organizations must maintain virtuous reputations because if AI is used incorrectly or in a way that can cause harm, it can weaken an organizations' reputation, which is why perhaps the Virtues Approach was the prioritized ethical approach.

For trust/transparency, the Care-Based Approach was the prioritized ethical approach. This approach was most likely selected for this concern area because the philanthropic sector is relational. In order to not jeopardize trust/transparency, perhaps organizations want to emphasize the preserving of relationships with stakeholders and place emphasis on the relational natture of the Care-Based Approach. Causing reputational damage by not mitigating concerns centered around trust and harm can occur and it can jeopardize the relationship with the stakeholder which is why perhaps the Care-Based Approach was the prioritized ethical approach.

For organizational effectiveness, the Utilitarian Approach was the prioritized ethical approach. This approach seeks to maximize value over disvalue while achieving the greatest benefit for the greatest number (Vearrier & Henderson, 2021). The respondents perhaps prioritize this approach to mitigate concerns around organizational effectiveness by weighing the possible large-scale benefits if the benefits outweigh the risks. In sum, while there may be

overlap between how these ethical approaches are applied to concerns, there is not one ethical approach that can mitigate all risks and each concern needs to be addressed individually.

The assessment of ethical frameworks that professionals in philanthropy prioritize for managing AI risk also revealed that the ethical framework that characterizes an *organization's* ethical overall approach to the use of AI is "unknown" by participants and the reported ethical framework which *should* characterize an organization's overall ethical approach to the use of AI was the Care-Based Approach. The Care-Based Approach emphasizes that organizations should preserve relationships with stakeholders and describes the value of people's relationships with other individuals "to be paradigmatic contexts of morality" (Kwan, 2023). The Care-Based Approach only slightly edged out the other approaches. Although the Care-Based Approach was more common than others, all of the ethical frameworks had some proponents. This indicates that there is no clear preferred ethical framework to manage AI risk, perhaps because no ethical discussions have taken place. The frameworks prioritized by professionals in philanthropy to manage AI risk revealed differences based on the category of risk as different frameworks were selected for each risk category, and the preferences did not vary depending on the size of the organization.

The finding that organizations prioritize different frameworks for different concerns, while stating "unknown" as the ethical framework that characterizes their *organization's* ethical overall approach to the use of AI has strong implications for organizations seeking to establish ethical policies. For example, the findings suggest that there is not one ethical approach that encompasses all the concerns. Therefore, organizations must assess their concerns before establishing policies, as different concerns yield different policies as reported by respondents. Additionally, organizations may face more than one concern and the necessary ethical policy

may need to be tailored to the organization for best fit.

Simultaneously, leaders reported a strong need for ethical guidance and the uncertainty of ethical approaches. However, when provided with scenarios and being presented with different ethical approaches leaders reported that the ethical framework which *should* characterize an organization's ethical overall approach to the use of AI was the Care-Based Approach. This approach emphasizes that organizations should preserve relationships with stakeholders and describes the value of people's relationships with other individuals "to be paradigmatic contexts of morality" (Kwan, 2023). This approach focuses not only on personal relationships, but also professional and political ones. With philanthropy centered around relationships (Madden, Harrison, & Vafeiadis, 2023), the use of AI can pose a threat or risk of harm to organizations and their relationships with stakeholders if not done ethically. For example, if an organization utilizes AI to complete a grant application to be more organizationally effective but does not disclose that they have used AI it can breach trust and jeopardize the relationship with funders or other stakeholders. The suggestion by the field is that this ethical framework *should* characterize an organization's ethical overall approach to AI integration. Considering the relational nature of philanthropy, this result aligns with the values that philanthropic organizations should have about preserving relationships with stakeholders.

The finding that individuals report a high need for ethical guidance and uncertainty in ethical framework approach aligns with the literature by Sheehan and Sarrantonio (2020) who state that 83% of nonprofits believe an ethical framework needs to be in place before AI use is present in the sector. The finding that preferences regarding the ethical framework for managing AI risk did not vary depending on the size of the organization was surprising as it was hypothesized that small and large organizations have different values thus leading to different

ethical frameworks for managing AI risk preferences. However, it appears that the size of the organizations does not make a difference, and community foundations and nonprofits do not agree on a singular approach to applying an ethical framework for AI integration. Perhaps philanthropic organizations are having a difficult time integrating and aligning their organizational values with ethical approaches to AI. Organizations may also have different views on ethical approaches based on how benefits have been withheld and their perceived level of concerns. Additionally, there appears to be confusion surrounding who should be providing guidance which may be steering away organizations of all sizes from identifying an approach that is best for the sector. For example, 85.7% of respondents reported that they are "not informed at all" of their own state's laws regulating AI and 54.8% reported that "nobody" is primarily providing guidance on the use of AI. Most importantly, participants were divided on who should be providing guidance as 38.1% believe that the philanthropic sector should be providing guidance, whereas 35.7% believe that the federal government should be providing guidance. The confusion surrounding who should be providing guidance and best next steps may be the reason that organizations have yet to provide guidance or adopt internal policies. Perhaps the sector is awaiting federal guidance prior to proceeding on making internal policies, similar to concerns reported by the healthcare sector which reported that "their organizations are waiting for federal regulations to be issued before creating their own policies" (Center for Connected Medicine, 2023).

Implications of the Study

The first implication is that personal and professional use of AI appear to be interconnected. Specifically, the positive relationship that was reported between personal and organizational AI use suggests that AI integration is twofold. For example, individuals may use it

for personal use but are hesitant to report professional use if their organization does not embrace the use of AI. However, when the organization embraces AI use, the relationship between personal and professional use is positive. This finding can be a guiding factor for organizational leaders by suggesting that leaders familiarize themselves with how and in what ways their staff is utilizing AI. Leaders can also promote and embrace use by introducing AI tools to the organization and familiarizing the staff in low stake ways it can be used appropriately (Prest, 2024). Additionally, leaders can lead by example by utilizing AI regularly and can ask staff how they would like to incorporate AI use into their work (Prest, 2024), as the study findings revealed that organizational use is positively related to personal use. By asking staff how they would like to incorporate AI use into their work, leaders can allow staff to use AI in ways that works best for each individual. If staff utilizes AI in ways that is best fit, this could lead to increased organizational productivity, which was reported as the greatest potential benefit by participants.

If individuals are exposed to AI integration in the workplace, they can have both exposure and experience in areas specific to the sector, rather than relying on themselves to learn how to use AI personally and subsequently bring it into the workplace. If individuals receive the appropriate experience in the workplace there may also be less risk in the way that they utilize AI. For example, the findings revealed that the majority of organizations did not have policies and/or training in place on how to use AI, and therefore have low readiness for AI integration. It is suggested that organizations provide training on how to use AI as well policies on best use practices. Perhaps if individuals within organizations are provided with training and policies, they will feel more encouraged to integrate AI into the workplace as they will have more guidelines and confidence on best practices of AI use. Specifically, individuals will have more guidance on which areas AI use is appropriate and beneficial. Additionally, training can prepare

organizations to use AI in appropriate ways and the combination of training and policies can mitigate AI use concerns (risks). Lastly, if organizations understand how staff is already utilizing AI, organizations can be proactive about adopting policies specific to reported use areas. For example, individuals from this study reported that they are already using AI often in areas such as marketing, social media, and donor engagement. With this information, organizations can strategically plan training and policies to mitigate AI use concerns (risks).

After familiarizing themselves with how and in what ways staff is utilizing AI personally and professionally, the next step for philanthropic leaders is to recognize and assess the benefits and concerns of AI use within organizations. The literature has provided many examples of benefits and concerns and the study findings have supported the literature while also providing findings reported specifically by individuals from the sector about the sector. Understanding the benefits of AI integration can guide philanthropic leaders on ways to incorporate the benefits within their own organizations. For example, individuals reported that they believe the two most beneficial areas of AI use are increased productivity and communication with external stakeholders such as donors. Considering the relational nature of philanthropy as well as the various roles that individuals must complete, these benefits are important to implement as they would allow individuals to complete more tasks and plausibly have better communication with their stakeholders. Combined with the need for exposure and experience of AI use in the philanthropic sector, recognizing the potential benefits is the next step for organizations. Combining best use practices with training and policies specific to the areas that individuals report as beneficial can be a strategic next step so that organizations can maximize on the benefits that AI can bring to their organizations. Additionally, as with AI integration, understanding the benefits can be another starting point for organizations in addressing training

and policy, by centering the two around reported benefit areas. For example, for the two reported benefit areas (increased productivity and communication with external stakeholders), organizations can create training and policies on how to best achieve these benefits while addressing concerns.

After addressing the benefits, the four concern categories (confidentiality, bias, trust/transparency, and organizational effectiveness) need to be addressed as the concerns provide context for the areas that need risk mitigation. This is suggested as study results revealed a negative association between concerns and benefits—when perceived benefits increase the perceived concerns decrease. Understanding the perception of specific concerns for individual organizations is important since different concerns necessitate different approaches. Additionally, while the study revealed that leaders in philanthropy see the greatest areas of concern as confidentiality and bias, certain organizations may prioritize concerns differently and may need to focus specifically in areas more prevalent to their organization. Addressing the concerns not only provides context for the areas that need risk mitigation but also can factor into providing an ethical approach for organizations.

In order to address this, the prioritized next step is to incorporate an ethical approach to AI use and integration in the philanthropic sector as a major implication for philanthropic organizations relates to the need to provide ethical guidance. The study results revealed that no single ethical approach was preferred to address all potential AI integration concerns as a different approach was selected for every concern. Therefore, philanthropic organizations should examine how AIs benefits and harms are balanced to address specific concerns. Since no single ethical approach can mitigate all concerns as reported by participants, a multi-ethical approach to mitigate risk is suggested. The practical consequence from this multi-ethical approach is no

single AI policy may be sufficient to cover all of the reported risks and concerns. Rather, there may need to be individual policies for different philanthropic functions such as internal and external communication. For example, to address bias, a balancing of risks and harms might be done with an emphasis on the perceived virtue of the organization. In contrast, to address concerns of trust, a balancing of risks and harms might be done with an emphasis on preserving relationships. In seeking to provide ethical guidance, each function of the organization should be independently considered.

Because there is not a single preferred approach and individuals reported a strong need for ethical guidance, it is suggested that organizations complete a needs assessment to understand: 1) the level of AI integration in personal and professional uses and 2) the perceived benefits and concerns of AI integration. The level of integration can be a starting point to address areas that AI is integrated in and may need training and policies, and the perceived benefits and concerns can address areas that organizations can integrate AI in and areas in which they need to be careful to protect their organizations from harm. As the survey results have presented, different concerns require different approaches and organizations need to create a policy based on their specific concerns. Therefore, it is recommended that organizations complete an individual and internal assessment to prioritize their best fit ethical framework for managing AI risk depending on various factors such as size, concerns particular to the organization, and values that align and are customized with organizational culture and values. Organizational values are especially important to understand in order to be integrated with prioritized ethical approaches. For example, if an organization prioritizes and values relationships with stakeholders over protecting individual rights or vice versa, this may be a contributing factor for deciding on the prioritized ethical framework for an organization.

After considering concerns and values specific to an organization, the implementation of an overall ethical approach to manage AI risk is suggested. However, there were different suggested approaches to mitigate risks in the four concern categories (confidentiality, bias, trust/transparency and organizational effectiveness). The implementation of a multi-ethic approach is suggested for best practice to ensure that organizations are appropriately mitigating each risk category in the most effective way with the ethical approach that aligns best with the concern. However, as a starting point, the survey results reveal that the chosen overall approach that should guide organizations in mitigating risk was the Care-Based Approach. If practitioners decide to use the Care-Based Approach as a starting point to address all of their organizational AI integration concerns, the values of the Care-Based Approach would need to be integrated in the organization.

For example, the Care-Based Approach focuses not only on personal relationships, but also professional and political ones. Philanthropy and in particular fundraising is a sector that is centered around relationships (Madden, Harrison, & Vafeiadis, 2023) and the use of AI can pose a threat or risk of harm to organizations and their relationships with stakeholders if not done ethically. If applying this approach to all four concern categories (confidentiality, bias, trust/transparency, and organizational effectiveness), organizations have many factors to consider. For example, for confidentiality, because this approach emphasizes the value of people's relationships with other individuals, breaching confidentiality is a risk that could cause harm between the organization and stakeholders is their information is not protected in a trusting way.

Similarly for bias, if organizations rely on AI the data that the model was trained on may be inaccurate and give false information to stakeholders. This could cause harm for example if

data utilized for a grant application favors certain applications and causes harm to other organizations. These discrepancies can weaken relationships with stakeholders. For trust and transparency, if an organization utilizes AI to complete a grant application to be more organizationally effective but does not disclose that they have used AI it can breach trust and jeopardize the relationship with the stakeholder. Lastly, for organizational effectiveness, while individuals may use AI to communicate more quickly by using it to draft an email or a social media post, the Care-Based Approach needs to be considered as the voice of the individual may get lost behind AI use or if it provides inaccurate information that can cause harm to the organization. If all four concern areas are not mitigated, AI can cause reputational damage if it is not nurturing the relationships with stakeholders, especially when considering the Care-Based Approach, which is centered around relationships. Lastly, in addition to the implementation of an ethical or multi-ethical approach, organizations must recognize that having ethical principles to address concerns is not enough, and the principles need to be embedded in everyday operations (Deloitte, 2022), therefore the values of the chosen ethical approach(es) must be integrated in the organization.

Whether organizations choose to implement the Care-Based Approach in all aspects of their organizational concerns, or implement the suggested multi-ethical approach, it is important that organizations understand their AI integration and perceived benefits and concerns as they are starting guiding points for ethical approach implementation. The study revealed that organizations are hesitant to create any policies because there is a lack of understanding and confusion surrounding who ought to be creating and managing policies, whether it be philanthropic organizations or the federal government. This study also revealed that in addition to understanding the necessary ethical approaches, organizations need to understand who is

responsible for managing policies and to what extent as this determines what organizations adopt and what they implement internally.

In sum, the study results can guide organizations to actionable change. The study results can be a starting point to have organizations address AI integration or the need for integration as the research has revealed several benefits of AI use. The results also highlight the importance of addressing AI integration concerns and the ways in which they can be mitigated depending on perceived risk. Lastly, the results reveal the need for ethical guidance and suggested ethical approaches based on perceived concerns. Whether organizations assess AI integration, the perceived benefits and concerns, or their need for an ethical approach, the study is a starting point to help organizations identify gaps in their organizational AI integration and ethical practice.

Strengths of the Study

This study had several strengths. For example, while prior studies have investigated AI use, many studies have focused on other sectors such as education and healthcare, or a combination of sectors. This study focused specifically on leaders in philanthropy. Additionally, the topic of this study and the survey instrument itself were both informed by the field. Due to the lack of literature on philanthropy and AI use, this study also is a contribution to the body of limited literature. This study can also provide philanthropic organizations with further practical information on ethical guidance and policy recommendations.

Beyond the scope of the philanthropic sector, another strength of this study is that it can provide other sectors with some idea of existing overlapping integration, concerns, and benefits of AI use. Additionally, the finding that a multi-ethical framework is needed to address various areas of AI use concerns can be generalized to other sectors as it is assumed that no single

framework can best mitigate all reported concerns (risks).

Limitations of the Study

Despite several strengths to the study, several limitations exist. For example, the state of AI is constantly changing and evolving. During the survey data collection, an updated and more advanced ChatGPT model was released (GPT-4o). This model accepts text, audio, image, and video inputs and produces them as outputs as well. It responds to audio inputs at a speed similar to a human response (OpenAI, 2024). Questions in the survey were not able to include this change as the survey had already been disseminated. Additionally, laws and policies for AI are evolving. The survey addressed any changes up to the date of survey dissemination, but after that was not able to capture policy or law changes. Additionally, while the survey had national and local representation, one of the study weaknesses is that while many organizations were represented, multiple individuals from within organizations were not well represented. The majority of the survey respondents were Executive Directors and there was a lack in responses from individuals within other positions from the same organization. The data and study results may have revealed different results depending on who within an organization was responding to the survey. For example, and Executive Director may not have had AI experience in certain areas such as marketing, whereas an individual within the philanthropic sector assigned specifically to the role of marketing may have had better insights on the use of AI in that particular area.

Other limitations include content of the survey, a low response rate, and small sample size. Regarding the survey, measures, survey items, and statements that were created for the purpose of the study were not validated. In regard to response rate and sample size, although many individuals from CFL and United Way Greenville were invited to participate in the study, only a small number of leaders within philanthropy completed the survey leading to a low

response rate, which ultimately led to a small sample size. The length of the survey may have been a limitation. Even though the survey was only expected to take 10-15 minutes to complete, some of the questions presented scenarios that respondents may have felt were too long. Additionally, approximately 75% of participants were from community foundations and only 25% were representative of nonprofit organizations, which may have led to skewed results. Most organizations represented in the study have been in operation for over 20 years (92.9 %), which may make them more reluctant to change and thus less likely to integrate AI. Lastly, females were more (76.2%) represented than males and the majority of respondents were over 45 years old (73.9%). Results may have yielded different outcomes if a larger percentage of the sample size incorporated younger respondents as they may not be as reluctant to change and more technologically advanced.

Recommendations for Future Research

The current study can be expanded on in several ways. For example, due to the constantly changing and evolving field of AI, this study can be repeated over time to understand the way in which the philanthropic sector is or is not evolving. This would be able to better capture the sectors' adoption of AI. Additionally, a longitudinal study could capture if the philanthropic sector adopts frameworks, laws, and policies in the future. A longitudinal study could also examine if and how AI use and integration, perceived benefits and concerns of AI use, and suggested ethical approaches change. Another suggestion to expand on the current study is to modify the procedure of the survey to offer better insights into specific organizations. For example, in addition to keeping the sample representative at a national and local level, a follow up survey could gain deeper insights into specific organizations. Specifically, it would be beneficial for a follow up study to survey multiple individuals and positions within an

organization to gather a holistic representation of AI use within organizations.

The study had a low response rate and a small sample size. It is recommended that this survey be disseminated for a longer period of time and to larger audiences to allow the survey to reach more individuals. Lastly, the survey disproportionally targeted community foundations over nonprofit organizations, which were less represented. It is suggested that this survey be disseminated to more nonprofit leaders and be more representative of gender, organizations that have been in operation for less than 20 years, and individuals under 45 years old.

Conclusion

Derived from insights from the philanthropic sector, the findings from this study are important because they bring additional insight into a sector where there is currently limited information and research on how AI is integrated in philanthropy and how AI impacts philanthropy. Importantly, the study results fill the gap in understanding how current and future AI integration, benefits, and concerns impact the effective and ethical practice and policy of philanthropy. The insights from the study identify the nature and extent of AI integration in philanthropic organizations within an ethical context as well as the current capacity and readiness of the philanthropic sector to adopt AI. The results also describe the nature and extent of perceived concerns (risks) and benefits of AI use in philanthropy, as well as the current state of and need for ethical guidance in specific areas of philanthropic functioning to manage AI risk.

The results reveal that AI integration, benefits and concerns, and prioritized ethical approach are organization specific and that there is no overall policy that can be implemented by all organizations. Therefore, it is suggested that organizations complete a needs assessment to understand: 1) the level of AI integration in personal and professional uses and 2) the perceived benefits and concerns of AI integration. As the survey results have presented, different concerns

require different approaches and organizations need to create a policy based on their specific concerns, where a multi-ethic approach is suggested. Therefore, organizations should complete individual and internal assessments to prioritize their best fit ethical framework for managing AI risk depending on various factors such as size, concerns particular to the organization, and values that align and are customized with organizational culture and values. Additionally, having ethical principles is not enough, and the principles need to be embedded in everyday operations (Deloitte, 2022).

While there are limitations to the study, the study is a starting point for sector specific research on AI integration in the philanthropic sector and can guide not only future research, but practical use for the philanthropic sector as well.

Figure 1. AI and White-Collar Jobs

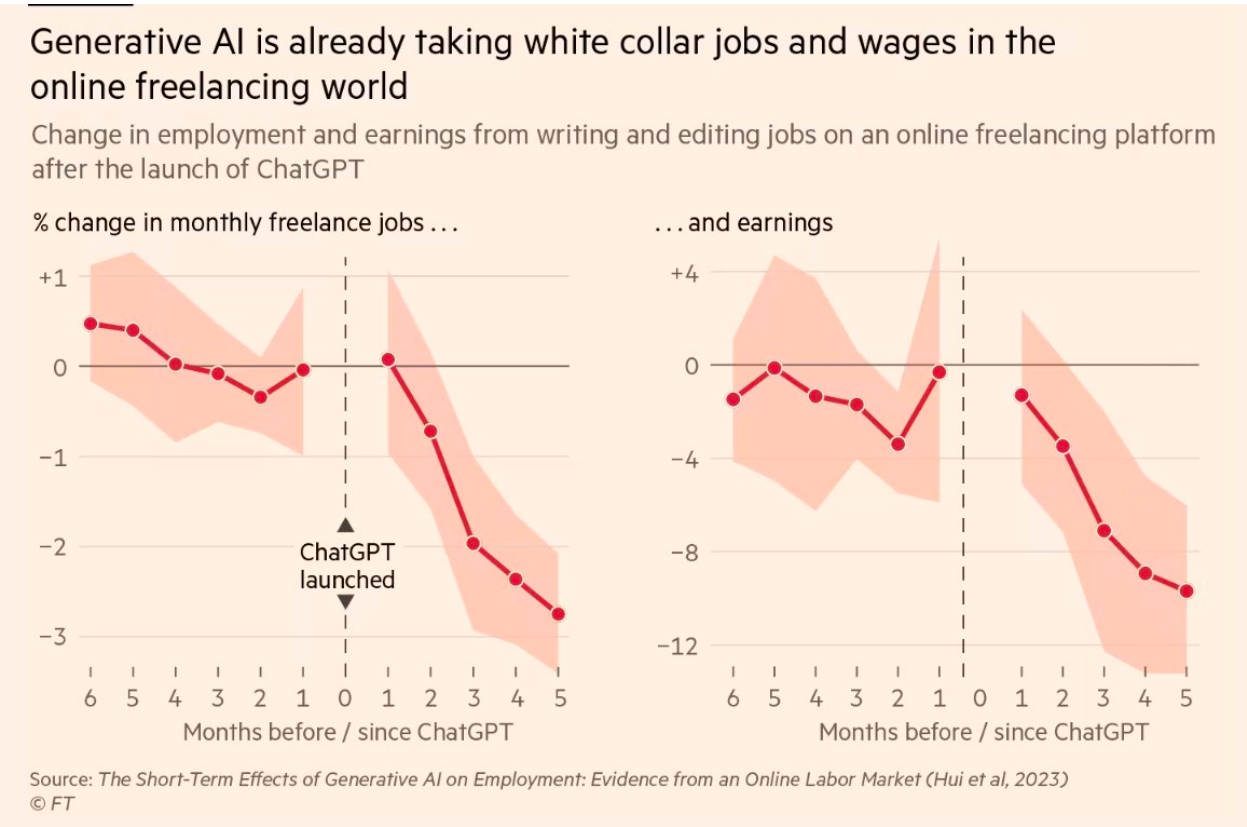


Figure 2. Yearly articles indexed in Google Scholar on ChatGPT

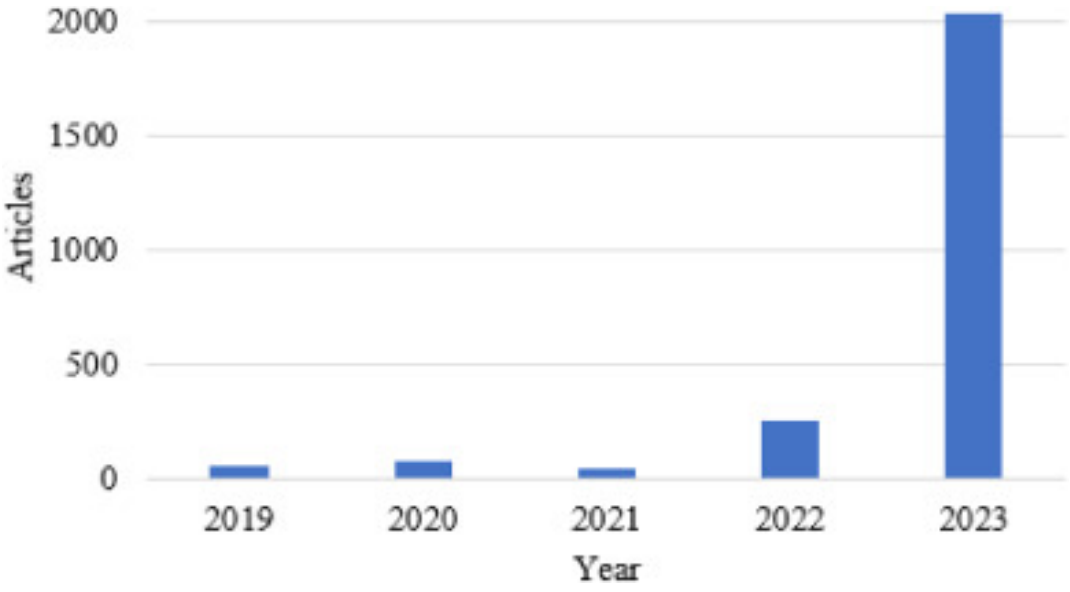


Figure 3. AI for Personal Use

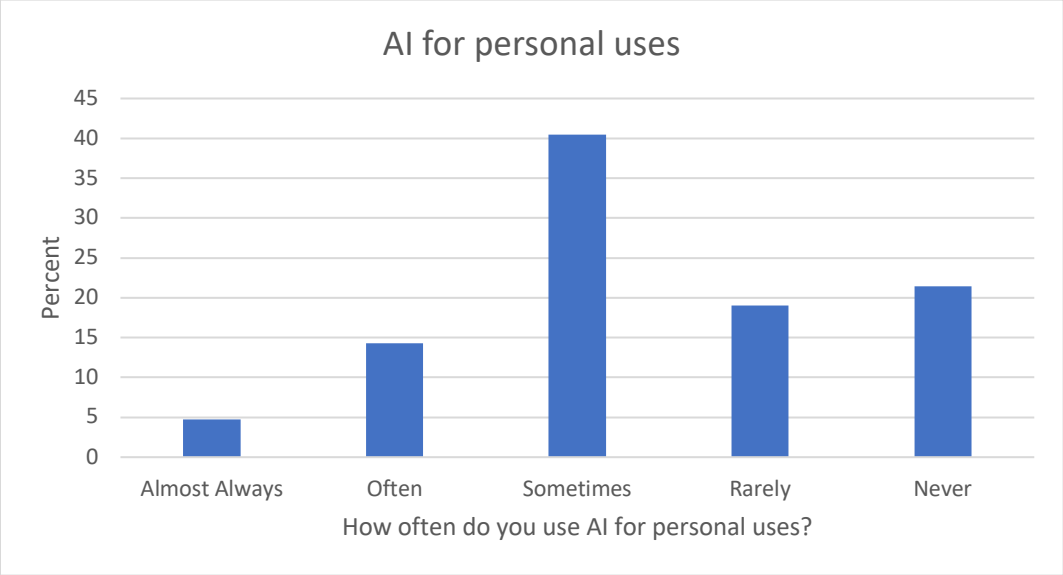


Figure 4. AI for Professional Use

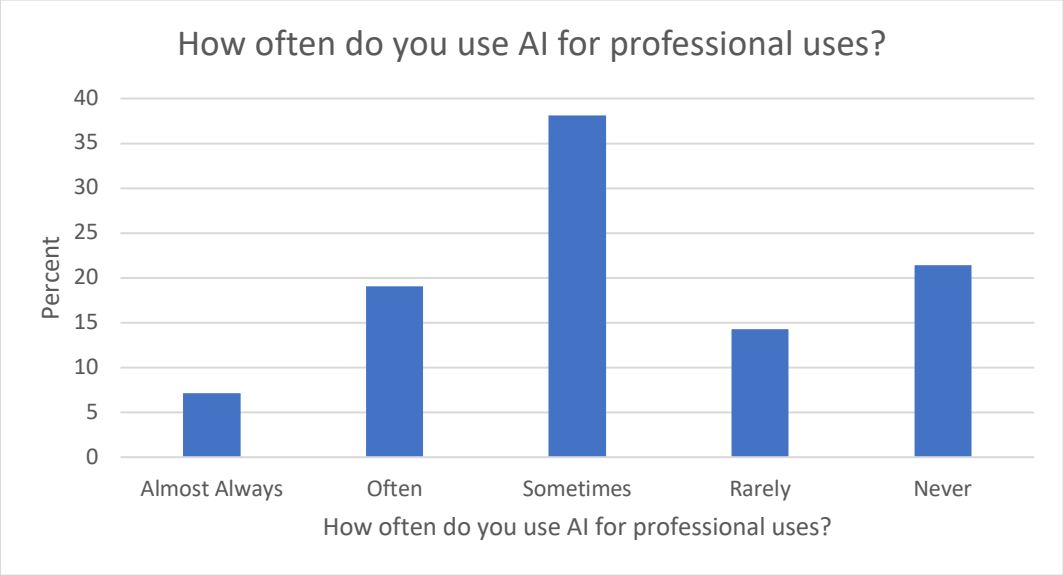


Figure 5. AI Preparedness Level

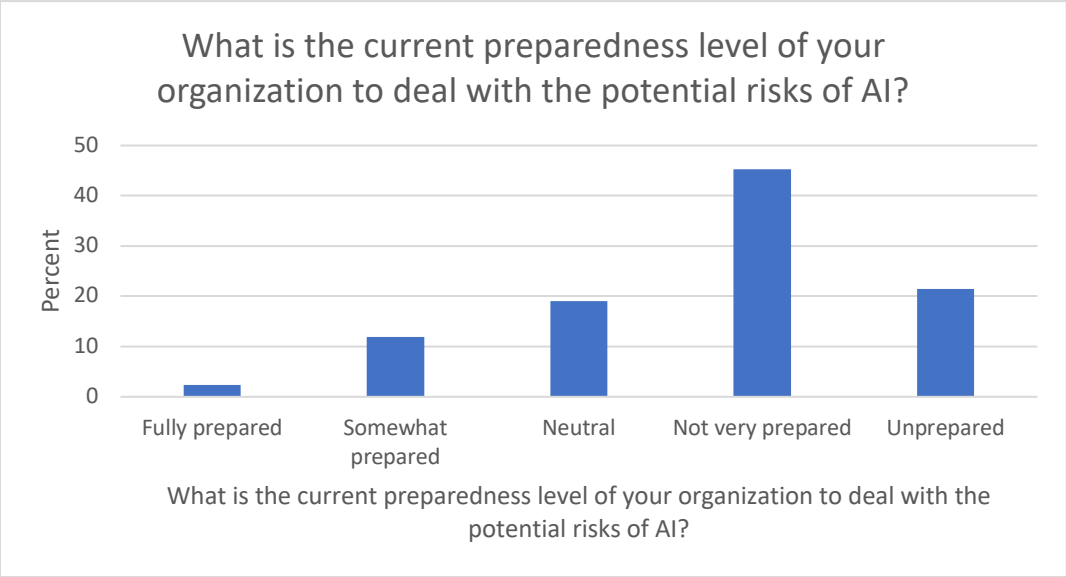


Figure 6. AI Practical Use Guidance

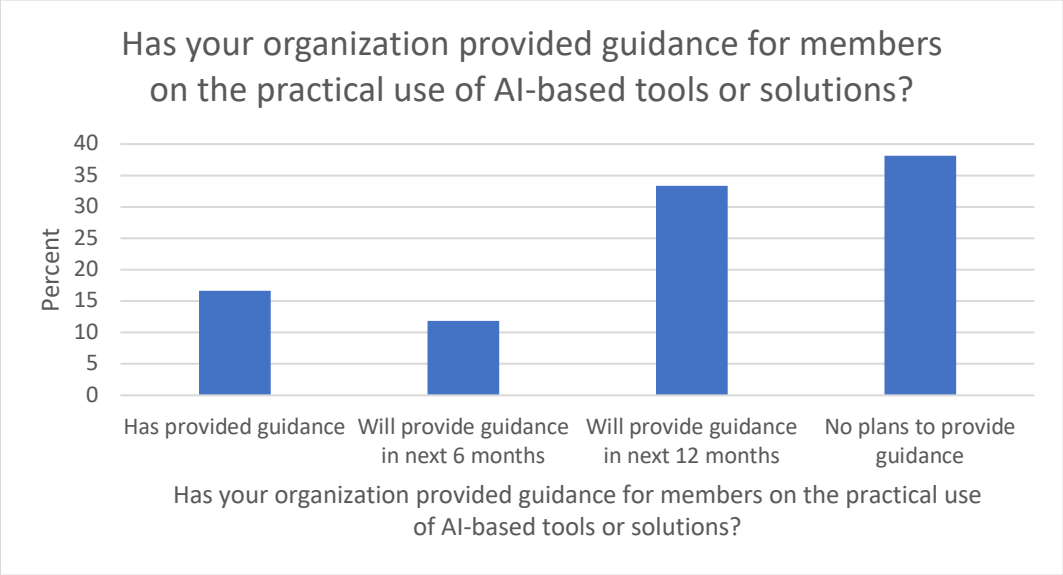


Figure 7. Individual and Organizational Uses in Professional Areas

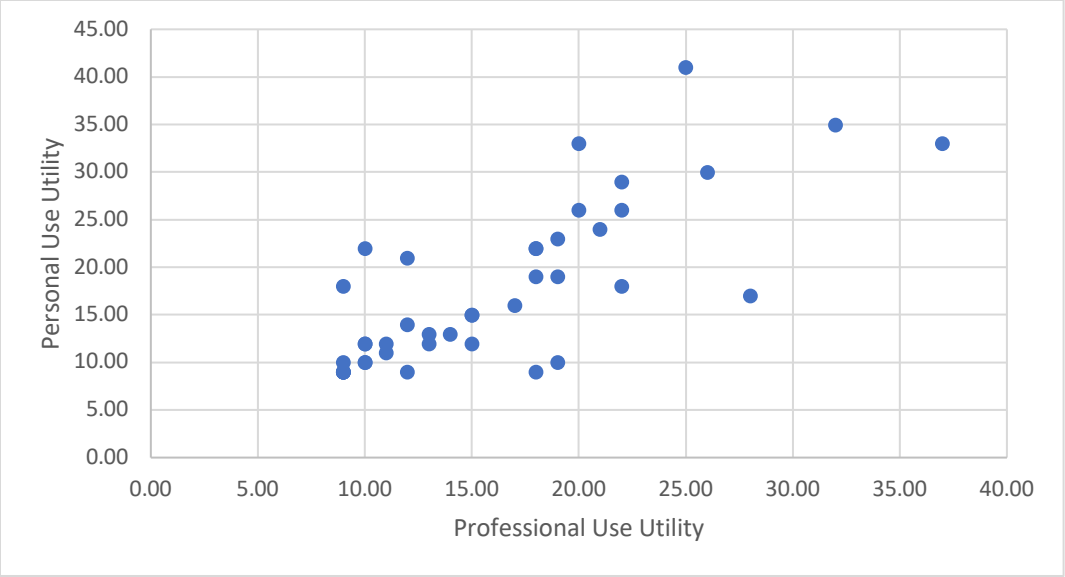


Figure 8. Perceived AI Concerns

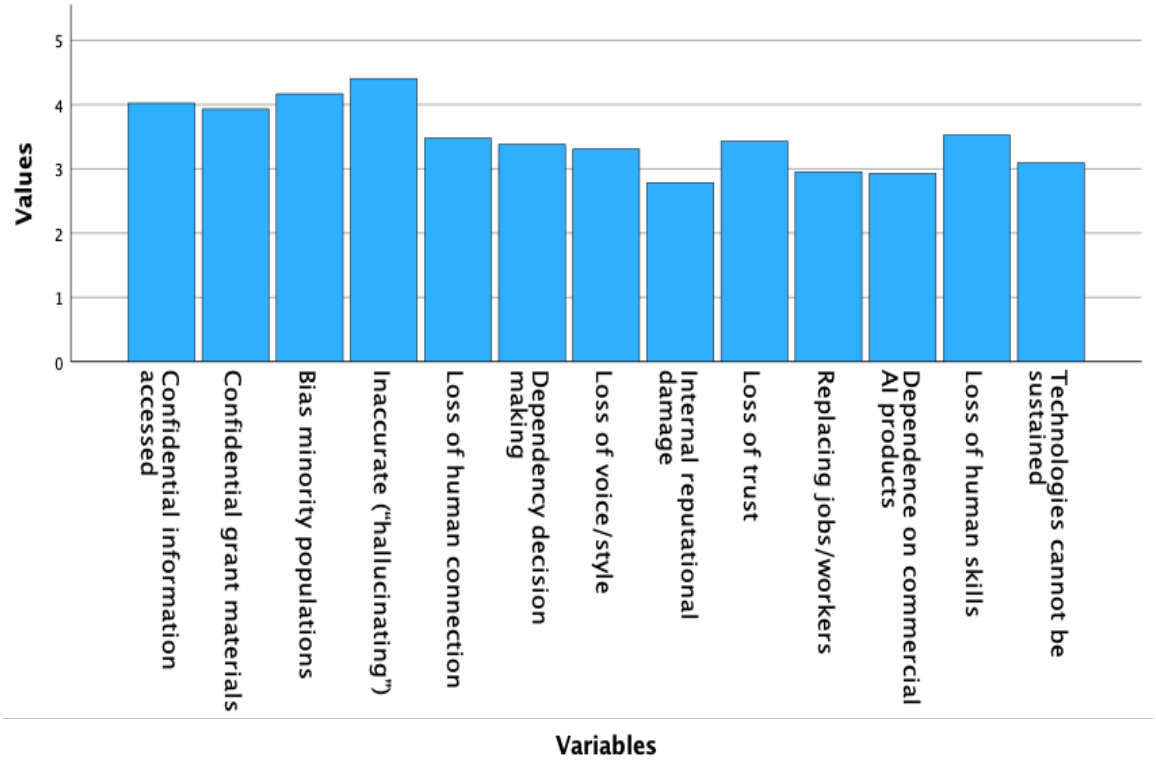


Figure 9. Perceived AI Benefits

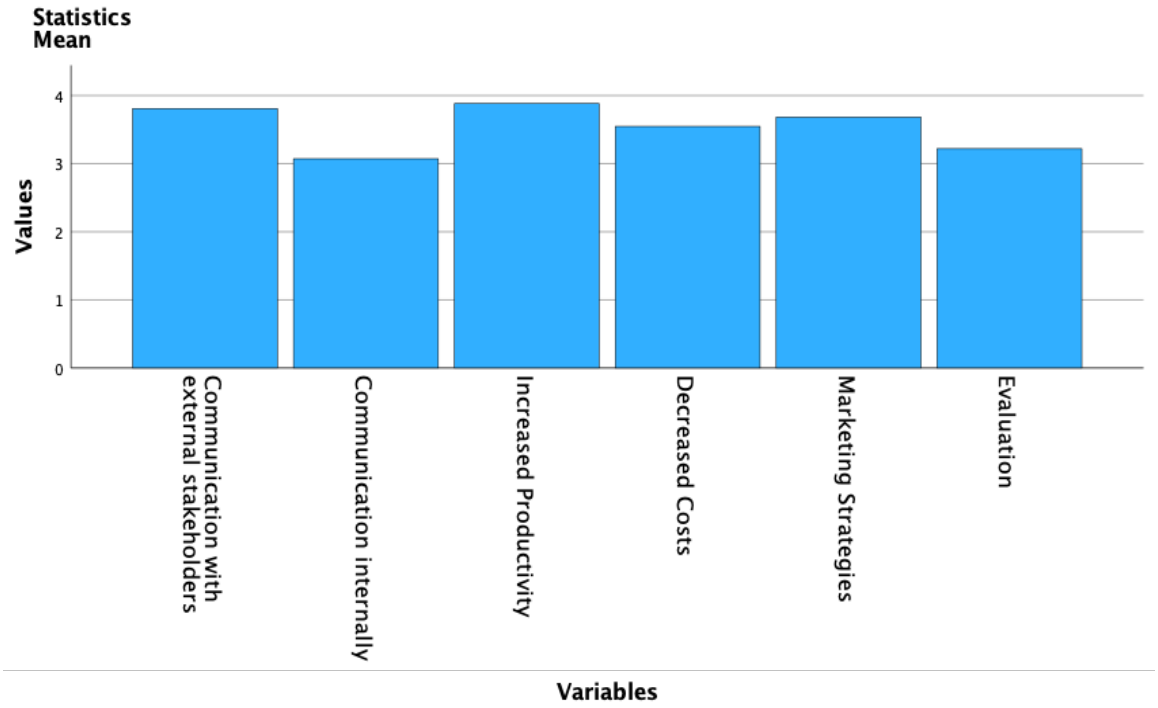


Figure 10. Association Between Concerns, Risks, and Benefits of AI Use

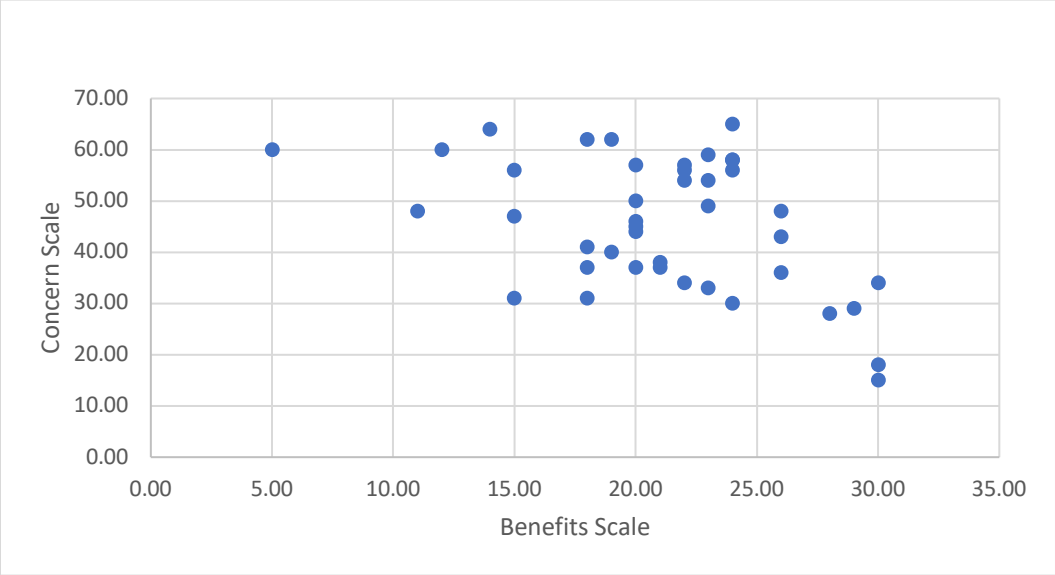


Figure 11. Overall Ethical Approach

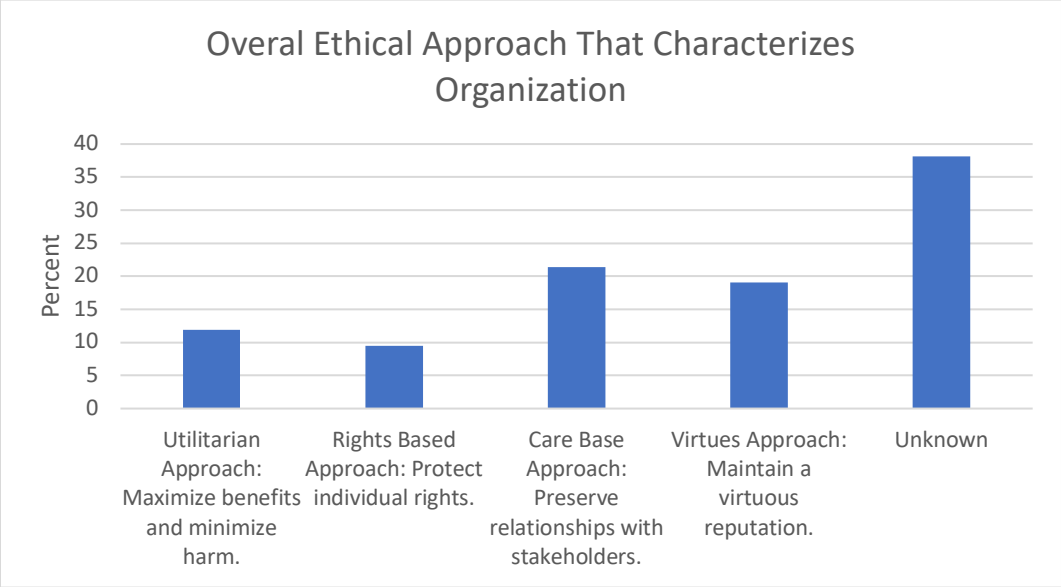


Figure 12. Overall Ethical Approach That Should Characterize Organization

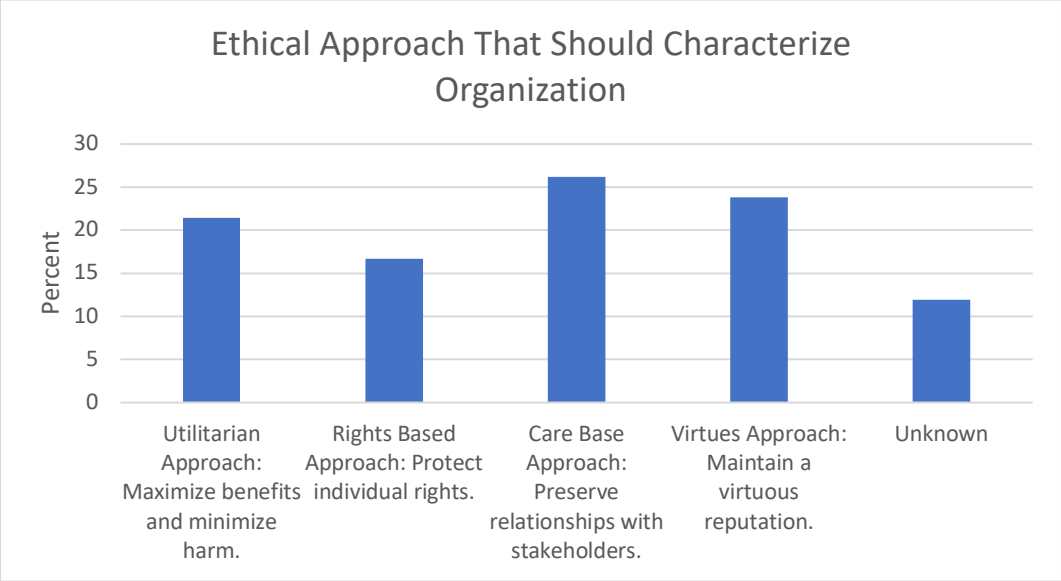


Table 1. Comparison of LLMs

Model	Year	Parameters	Pretraining Data	Architecture	Top-1 Accuracy	Notable Features
GPT	2018	110 million	Web text	Transformer	N/A	First large-scale Transformer model
BERT	2018	340 million	Books, Wikipedia	Transformer	76.4% (LM), 93.5% (LM + FT)	Bidirectional Transformer, invented masked language modeling
GPT-2	2019	1.5 billion	Web text	Transformer	70.0% (LM)	Improved Transformer model
GPT-3	2020	175 billion	Web text, Books, Wikipedia	Transformer	77.9% (LM), 97.8% (LM + FT)	One of the largest models, capable of few-shot learning
GShard v4	2021	1.8 trillion	Web text, Books, Wikipedia, Common Crawl, Pile, Reddit	Transformer	94.7% (LM), 99.0% (LM + FT)	Scaled-up version of GShard
GPT-Neo	2021	2.7 billion - 2.8 trillion	Web text, Books, Wikipedia, Common Crawl, Reddit, Pile	Transformer	69.3% (LM) - 97.2% (LM + FT)	Open-source alternative to GPT
Claude	2021	52 billion	Web text, books	Transformer	N/A	Desirable behaviour in conversations
GPT-3 10x	2022	1.75 trillion	Web text, Books, Wikipedia, Common Crawl, Pile	Transformer	78.0% (LM), 98.9% (LM + FT)	Scaled-up version of GPT-3

Model	Year	Parameters	Pretraining Data	Architecture	Top-1 Accuracy	Notable Features
DALL·E 2	2022	22 billion	Text and images	Transformer + CNN	N/A	Scaled-up version of DALL·E

Table 2. Demographic Descriptive Statistics

Descriptive Statistics

	N	Range	Minimum	Maximum	Mean	Std. Deviation
What best describes your organization's location?	42	2	1	3	2.10	.878
What is your role within the organization?	42	2	1	3	2.31	.897
Your organization is best described as:	42	1	1	2	1.74	.445
Number of years your community foundation or nonprofit organization has been in operation:	42	3	1	4	3.83	.621
Number of years you have been involved in philanthropy:	42	3	1	4	2.83	1.057
How many staff members are a part of your foundation or nonprofit organization?	42	2	1	3	1.71	.742
What is the level of your organization's assets under management?	42	5	1	6	2.83	1.607
What is the primary focus area of your foundation or nonprofit organization?	42	3	1	4	3.79	.682
Age:	42	4	2	6	4.07	1.068
Gender:	42	1	1	2	1.76	.431
Valid N (listwise)	42					

Table 3. Organizational AI Readiness and Size of Organization

ANOVA

Readiness

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	247.140	2	123.570	2.175	.127
Within Groups	2215.836	39	56.816		
Total	2462.976	41			

$^{***}p < .001$.

Table 4. Benefits and Concerns and Size of Organization

ANOVA

Benefits and Concerns

		Sum of Squares	df	Mean Square	F	Sig.
Benefit Scale	Between Groups	136.619	2	68.310	4.793	.014
	Within Groups	555.857	39	14.253		
	Total	692.476	41			
Concern Scale	Between Groups	5.600	2	2.800	.016	.984
	Within Groups	6810.805	39	174.636		
	Total	6816.405	41			

$^{***}p < .001$.

Table 5. Association Between Ethical Guidance and Concerns

Correlations

		Needed ethical guidance	Concern scale
neededethicalguidance	Pearson Correlation	1	.322*
	Sig. (2-tailed)		.038
	N	42	42
concernscale	Pearson Correlation	.322*	1
	Sig. (2-tailed)	.038	
	N	42	42

*. Correlation is significant at the 0.05 level (2-tailed).

Table 6. Association Between Ethical Guidance and Concerns and Organization Size

ANOVA

Although all may apply, which should characterize your organization's ethical overall approach to the use of AI?

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	.178	2	.089	.048	.953
Within Groups	72.227	39	1.852		
Total	72.405	41			

$^{***}p < .001$.

APPENDICES

APPENDIX A

AI AND PHILANTHROPY SURVEY

Thank you for your participation in this survey. In this survey you will be asked questions about artificial intelligence (AI). ChatGPT is an AI chatbot that uses natural language processing to create human like conversational dialogue. For the purpose of this study, *AI will refer specifically to ChatGPT or its equivalent* (e.g., Claude, Gemini, Co-Pilot).

AI Use:

1. How often do you use AI for *personal* uses?
    1) Almost Always
    2) Often
    3) Sometimes
    4) Rarely
    5) Never

2. How would you describe your *personal* level of experience with the use of AI?
    1) Very experienced
    2) Somewhat experienced
    3) Not very experienced
    4) Never used ChatGPT or equivalent AI

3. How often do you use AI for *professional* uses?
    1) Almost Always
    2) Often
    3) Sometimes
    4) Rarely
    5) Never

4. How often do *you* use AI for tasks in these specific professional areas? Rate all that apply.

Usage	Almost Always	Often	Sometimes	Rarely	Never
a. Marketing	1	2	3	4	5
b. Fundraising	1	2	3	4	5
c. Volunteer Recruitment	1	2	3	4	5
d. Strategic Planning	1	2	3	4	5
e. Grant making	1	2	3	4	5
f. Donor engagement	1	2	3	4	5
g. Social media	1	2	3	4	5
h. Impact assessment	1	2	3	4	5
i. Evaluation	1	2	3	4	5
j. Other (please describe)	1	2	3	4	5

5. How would you describe your *organization's* level of experience with AI and its applications?
    1) Very experienced
    2) Somewhat experienced
    3) Not very experienced
    4) Never used ChatGPT or equivalent AI

6. Has your organization purchased AI or its applications from vendors (e.g., chatbots, DonorSearch)?
    1) Yes
    2) No
    3) Unsure

7. How often does *your organization* use AI for tasks in these specific professional areas? Rate all that apply.

Usage	Almost Always	Often	Sometimes	Rarely	Never
a. Marketing	1	2	3	4	5
b. Fundraising	1	2	3	4	5
c. Volunteer Recruitment	1	2	3	4	5
d. Strategic Planning	1	2	3	4	5
e. Grant making	1	2	3	4	5
f. Donor engagement	1	2	3	4	5
g. Social media	1	2	3	4	5
h. Impact assessment	1	2	3	4	5
i. Evaluation	1	2	3	4	5
j. Other (please describe)	1	2	3	4	5

8. What is the level of potential benefit of AI use in the following areas? Rate all that apply.

Benefits	Very High	High	Fair	Low	Very Low
a. Communication with external stakeholders (donors, grantees)	1	2	3	4	5
b. Communication internally	1	2	3	4	5
c. Increased productivity	1	2	3	4	5
d. Decreased Costs	1	2	3	4	5
e. Marketing strategies	1	2	3	4	5
f. Evaluation	1	2	3	4	5

Confidentiality

9. A risk exists that organizational confidential information (e.g., donor characteristics) input into AI could later be accessed by others outside your organization. What is your level of concern about this risk?
    1) Very concerned
    2) Concerned
    3) Neutral
    4) Somewhat concerned
    5) Not concerned at all

10. A risk exists that grant materials and reviews of confidential grant materials (e.g., intellectual property, plagiarism, copyright protection) input into AI can be accessed by others outside your organization. What is your level of concern about this risk?
    1) Very concerned
    2) Concerned
    3) Neutral
    4) Somewhat concerned
    5) Not concerned at all

11. Consider the following scenario. A nonprofit uses AI to analyze health data for predicting outbreaks in disadvantaged areas. However, a vulnerability in the AI system likely could expose sensitive personal health information. The nonprofit is considering two ethical approaches to make policy. Which of these two approaches do you think is best? Although both apply, choose the best one.

    1) Utilitarian Approach: Accept some risk of breaching data confidentiality to maintain the AI system's ability to maximize its effectiveness and potentially save more lives.

    2) Rights-Based Approach: Implement strict rules limiting AI use to ensure maximum data security of personal information, but this would decrease outbreak prediction effectiveness.

Bias

12. A risk exists that some uses of AI may reflect biases present in the data that AI used in its training. For example, prompts for effective prevention programs may result in underrepresentation of programs serving minority populations. What is your level of concern about this risk?
    1) Very concerned
    2) Concerned
    3) Neutral
    4) Somewhat concerned
    5) Not concerned at all

13. A risk exists that AI responses can be inaccurate (i.e., "hallucinating" by making up false answers) and the false information provided could have harmful consequences. What is your level of concern for this risk?
    1) Very concerned
    2) Concerned
    3) Neutral
    4) Somewhat concerned
    5) Not concerned at all

14. Consider the following scenario. A nonprofit uses AI to enhance decision-making and resource allocation. However, there is an AI bias that skews the results unfavorably for some groups. The nonprofit is considering two ethical approaches to make policy. Which of these two approaches do you think is best? Although both apply, choose the <u>best</u> one.

    1) Utilitarian Approach: Use the AI system to maximize effectiveness of resource allocation with an understanding that the benefits of giving out resources outweigh the harms from using a biased dataset.

    2) Preserve Virtuous Reputation: Limit the use of AI, resulting in less effective resource allocation but a more fair and equitable distribution of resources, thus preserving the organization's reputation.

Transparency/Trust

15. A risk exists that over-reliance on AI can lead to a loss of human connection within an organization and with external stakeholders. What is your level of concern with the potential depersonalization of services (communication) that may come with AI use?
    1) Very concerned
    2) Concerned
    3) Neutral
    4) Somewhat concerned
    5) Not concerned at all

16. A risk exists that relying on AI to make decisions will create a dependency on AI for decision-making. What is your level of concern with the risk of creating a dependency on AI to make decisions within your nonprofit's decision-making?
    1) Very concerned
    2) Concerned
    3) Neutral
    4) Somewhat concerned
    5) Not concerned at all

17. A risk exists that AI communications will replace the distinct voice and style of an organization, which may negatively impact relationships. What is your level of concern with loss of personal voice as a risk of integrating AI into your nonprofit's functions?
    1) Very concerned
    2) Concerned
    3) Neutral
    4) Somewhat concerned
    5) Not concerned at all

18. A risk exists the replacement of tasks and jobs by AI will cause internal reputational damage (e.g., because of staff layoffs, impersonal chatbots). What is your level of concern with internal reputational damage as a risk of integrating AI into your nonprofit's functions?
    1) Very concerned
    2) Concerned
    3) Neutral
    4) Somewhat concerned
    5) Not concerned at all

19. A risk exists that replacing human decision making with AI will result in a lack of transparency and may cause loss of stakeholder trust. What is your level of concern with loss of trust as a risk of integrating AI into your nonprofit's functions?
    1) Very concerned
    2) Concerned
    3) Neutral
    4) Somewhat concerned
    5) Not concerned at all

20. Consider the following scenario. A nonprofit uses AI to manage communications with donors and community members. However, the AI communications alter the unique voice and identity of the nonprofit. The nonprofit is considering two ethical approaches to make policy. Which of these two approaches do you think is best? Although both apply, choose the best one.

    1) Utilitarian Approach: Allow AI flexibility in message crafting to increase communications with donors and community members, even if it means straying from the nonprofit's established voice and style.

    2) Care-based Approach: Implement strict rules to limit AI use in communications to maintain the organization's personal tone and style in relating to stakeholders, even if it means reduced communication effectiveness and efficiency.

Organizational Effectiveness

21. A risk exists that AI may replace tasks routinely done by staff that results in jobs being restructured or layoffs. What is your level of concern with the potential disruption caused by AI replacing jobs and/or workers?
    1) Very concerned
    2) Concerned
    3) Neutral
    4) Somewhat concerned
    5) Not concerned at all

22. A risk exists that AI use may result in dependence on commercial AI products for an organization's operations. What is your level of concern of this risk?
    1) Very concerned
    2) Concerned
    3) Neutral
    4) Somewhat concerned
    5) Not concerned at all

23. A risk exists that AI overuse will reduce skill development among workers (e.g., creativity, communication). What is your level of concern with loss of human skills as a risk of integrating AI into your nonprofit's functions?
    1) Very concerned
    2) Concerned
    3) Neutral
    4) Somewhat concerned
    5) Not concerned at all

24. A risk exists that the resources necessary to implement, maintain, and update AI technologies cannot be sustained. What is your level of concern that this risk may actualize for your organization?
    1) Very concerned
    2) Concerned
    3) Neutral
    4) Somewhat concerned
    5) Not concerned at all

25. Consider the following scenario. A nonprofit organization is adopting an AI system to handle some tasks that are currently performed by staff members. The AI will eventually replace these tasks entirely, resulting in job restructuring and/or layoffs. The nonprofit is considering two ethical approaches to make policy. Which of these two approaches do you think is best? Although both may apply, choose the best one.

> 1) Utilitarian Approach: Implement the AI system to improve overall efficiency of accomplishing the organization's mission while finding ways to minimize negative impacts on staff.
>
> 2) Preserve Virtuous Reputation: Limit or delay the AI system implementation to prioritize job security and transparency, demonstrating that the organization values its workforce and their contributions.

Readiness

26. What is the current preparedness level of your organization to deal with the potential risks of AI?
    1) Fully prepared
    2) Somewhat prepared
    3) Neutral
    4) Not very prepared
    5) Unprepared

27. Has your organization provided guidance for members on the *practical* use of AI-based tools or solutions?
    1) Has provided guidance
    2) Will provide in guidance in next 3 months
    3) Will provide guidance in next 6 months
    4) Will provide guidance in next 12 months
    5) No plans to provide guidance

28. Does your organization have in place employee training or policies to mitigate the following risks from AI? (check all that apply)

Risks	Training	Policy
a. Breach of confidential client/donor data	□ Yes □ No □ Unsure	□ Yes □ No □ Unsure
b. Breach of confidential grant data	□ Yes □ No □ Unsure	□ Yes □ No □ Unsure
c. Inadequate resources to sustain AI	□ Yes □ No □ Unsure	□ Yes □ No □ Unsure

Risks	Training	Policy
d. AI generated misinformation	□ Yes □ No □ Unsure	□ Yes □ No □ Unsure
e. AI replacing workers	□ Yes □ No □ Unsure	□ Yes □ No □ Unsure
f. AI operating from biased information	□ Yes □ No □ Unsure	□ Yes □ No □ Unsure
g. Overdependence on AI for decision making within organization	□ Yes □ No □ Unsure	□ Yes □ No □ Unsure
h. AI generated communication creates impersonal reputation within organization	□ Yes □ No □ Unsure	□ Yes □ No □ Unsure
i. AI generated communication negatively changes external stakeholders' perception of organization	□ Yes □ No □ Unsure	□ Yes □ No □ Unsure
j. AI use damages overall reputation of organization.	□ Yes □ No □ Unsure	□ Yes □ No □ Unsure
k. AI use reduces transparency in decision making	□ Yes □ No □ Unsure	□ Yes □ No □ Unsure
l. AI use creates lost opportunities for human skill development	□ Yes □ No □ Unsure	□ Yes □ No □ Unsure

Ethics

29. Overall, how important do you think it is for the philanthropic sector to have guidelines or policies on the ethical use of AI?
    1) Extremely important
    2) Somewhat important
    3) Neutral
    4) Somewhat unimportant
    5) Unimportant

30. What is the need for ethical guidance in the following areas?

Ethical Guidance Need	Very High	High	Fair	Low	Very Low
a. Confidentiality	1	2	3	4	5
b. Bias	1	2	3	4	5
c. Transparency/Trust	1	2	3	4	5
d. Organizational Effectiveness	1	2	3	4	5

31. Has your organization provided guidance on the *ethical* use of AI-based tools or solutions?

1) Has provided guidance
2) Will provide in guidance in next 3 months
3) Will provide guidance in next 6 months
4) Will provide guidance in next 12 months
5) No plans to provide guidance

32. Although all may apply, which best characterizes your *organization's* ethical overall approach to the use of AI?

1) Utilitarian Approach: Maximize benefits and minimize harm.
2) Rights-Based Approach: Protect individual rights.
3) Care-Based Approach: Preserve relationships with stakeholders.
4) Virtues Approach: Maintain a virtuous reputation.
5) Unknown

33. Although all may apply, which **should** characterize your organization's ethical overall approach to the use of AI?

1) Utilitarian Approach: Maximize benefits and minimize harm.
2) Rights-Based Approach: Protect individual rights.
3) Care-Based Approach: Preserve relationships with stakeholders.
4) Virtues Approach: Maintain a virtuous reputation.
5) Unknown

Law

34. Several states have begun to pass laws that govern the use of AI. How informed are you of your state’s laws regulating AI?

1) Very informed
2) Somewhat informed
3) Not informed at all

35. To the best of your knowledge, who *is primarily* providing guidance on use of AI?

1) Federal government
2) State government
3) Philanthropic Sector
4) Other
5) Nobody

36. Who *should primarily* be responsible for providing guidance on use of AI?
    1) Federal government
    2) State government
    3) Philanthropic Sector
    4) Other
    5) Nobody

37. What is your current level of enthusiasm for the use of AI in your organization?
    1) Very high
    2) High
    3) Medium
    4) Low
    5) Very Low

38. What is your current level of concern about the disruptive use of AI in your organization?
    1) Very high
    2) High
    3) Medium
    4) Low
    5) Very Low

Demographics:

39. Location (State): _____

40. What best describes your organization's location?
    1) Urban
    2) Suburban
    3) Rural

41. What is your role within the organization?
    1) Executive Director
    2) Program Officer
    3) If other, please describe: _____

42. Your organization is best described as:
    1) Nonprofit
    2) Foundation

43. Number of years your community foundation or nonprofit organization has been in operation:
    1) Less than 5 years
    2) 5-10 years
    3) 11-20 years
    4) More than 20 years

44. Number of years you have been involved in philanthropy:
    1) Less than 5 years
    2) 5-10 years
    3) 11-20 years
    4) More than 20 years

45. How many staff members are a part of your foundation or nonprofit organization?
    1) Small (1-10 employees)
    2) Medium (11-50 employees)
    3) Large (over 50 employees)

46. What is the level of your organization's assets under management?
    1) Under 50 million dollars
    2) 50-500 million dollars
    3) Over 500 million dollars

47. What is the primary focus area of your foundation or nonprofit organization?
    1) Healthcare
    2) Education
    3) Environmental Protection
    4) If other, please describe: _____

48. Age:
    1) 25 or younger
    2) 26-34
    3) 35-44
    4) 45-54
    5) 55-64
    6) 65 or older

49. Gender:
    1) Male
    2) Female
    3) Non-binary/Third gender
    4) Other
    5) Prefer not to say

50. Please share any additional thoughts on AI.

    _____

APPENDIX B

CONSENT FORM

Dear Participant,

You have been asked to participate in a research study that is part of the requirement for a Doctoral degree for Venera Balidemaj. Before you agree to participate in this study, it is important that understand the study and the procedures it involves. The investigator will also explain the project to you in detail. If you decide to take part, but later change your mind, you may stop at any time.

If you decide to stop, there will be no negative consequences for ending your participation.

Study Purpose: The purpose of this study is to describe the nature and extent of AI integration in philanthropic organizations as well as to understand the capacity and readiness of community foundations and nonprofit organizations in adopting AI for philanthropic use. Lastly, the purpose of this study is also to explore the perceived risks of harm to community foundations and nonprofit organizations through the use of AI.

Voluntary Consent: Participation is voluntary, and you have the option to not participate. Activities and Procedures: Your part in the study will be to fill out a brief questionnaire describing the nature and extent of AI integration in nonprofit organizations and community foundations as well as perceived risks of harm to community foundations and nonprofit organizations through the use of AI. This questionnaire will take about 10-15 minutes to complete.

Survey responses are confidential. The information obtained from each survey will be pooled together into a single database. Aggregated information will be used for analysis and reporting. Participation Time: It will take between 10 to 15 minutes to complete the survey.

Risks and Discomforts: We do not know of any risks or discomforts in this research study. There will be no physical or significant psychological harm to participants. If you feel uncomfortable answering any of the questions, you may skip the questions.

Possible Benefits: You may not benefit directly from taking part in this study, however you might find it interesting to contribute to the philanthropic sector.

Exclusion/Inclusion Requirements. Participants are eligible to be included in this study if they are part of the philanthropic sector.

CONTACT INFORMATION If you have any questions or concerns about your rights in this research study, please contact the Clemson University Office of Research Compliance (ORC) at 864-656-0636 or irb@clemson.edu. If you have any study related questions or if any problems arise, please contact Venera Balidemaj at vbalide@g.clemson.edu or Mark Small at msmall@clemson.edu

CONSENT By participating in the study, you indicate that you have read the information written above and you are voluntarily choosing to take part in this research. You do not give up any legal rights by taking part in this research study.

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