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**HUNTER CENTRE FOR ENTREPRENEURSHIP**

**“POWER, WEALTH AND ENTREPRENEURIAL PHILANTHROPY IN THE  
NEW GLOBAL ECONOMY”**

**BY JILLIAN C. GORDON**

**A THESIS PRESENTED IN FULFILMENT OF THE REQUIREMENTS FOR THE  
DEGREE OF DOCTOR OF PHILOSOPHY**

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Signed: Jillian Gordon

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## **ABSTRACT**

Entrepreneurs add value to society above and beyond the creation of new products and services, through their engagement in philanthropy. Entrepreneurial philanthropy draws upon practices of entrepreneurship and venture capital, to pursue the creation of social wealth through the application of different types of capital — social, symbolic, cultural and economic — in philanthropic activities. The objective of the study is to bring clarity and understanding to the phenomenon of entrepreneurial philanthropy. Specifically it explores: the motivations of wealthy entrepreneurs to engage in philanthropy; the ideology of entrepreneurial philanthropy; the practices of entrepreneurial philanthropy; and the different forms of capital actively deployed by entrepreneurial philanthropists to the organisations and programmes that they support.

A qualitative research methodology and a multi research case strategy have been used on account of the exploratory nature of this study. Five entrepreneurial philanthropists and their foundations are examined in this study. Additional interviews were undertaken with individuals active in the field of philanthropy including: wealth consultants, intermediary philanthropy service providers, leading global foundation executive and nascent entrepreneurial philanthropists. This approach supported an inductive analysis and interpretation of the data, within and across the case studies, whilst considering the external landscape of entrepreneurial philanthropy.

The study identified a range of factors that contribute to, and motivate, wealthy entrepreneurs to become actively engaged in philanthropy. The study shows that the ideology of entrepreneurial philanthropy is rooted in capitalism and the reproduction of a culture of entrepreneurship, which are believed to contribute to a strong and productive civil society. The study confirms the transferability and adaptability of practices from entrepreneurship to philanthropy. Finally the study established the deployment and accumulation of different forms of capital as being fundamental to the capacity of entrepreneurial philanthropists to create social and economic change at both micro and macro levels.

# **CHAPTER 1: ENTREPRENEURSHIP AND PHILANTHROPY: AN INTRODUCTION**

## **1.1 Research Setting: Contextualising the thesis**

Over the last two decades there has been an observed increase in the level and scale of income generation and redistribution in the developed world (Bishop, 2006). In parallel with this there has been a resurgence of interest in philanthropy by the media, policymakers and the general population. The new generation of wealth creators is made up of ambitious self-made wealthy entrepreneurs who have developed a propensity to give back to society during their lifetime (Handy and Handy, 2006). The phenomenon has been referred to as “The New Golden Age of Philanthropy,” (Bishop, 2006; Bishop and Green, 2008). Despite the rise in prominence of wealthy entrepreneurs who have become engaged in philanthropy, little scholarly attention has been afforded to the role of the entrepreneur in philanthropy. In fact, there has been scant attention paid to this aspect of the entrepreneurial lifecycle within the entrepreneurship discourse; with the exception of a few studies by Acs and Phillips (2002), Desai and Acs (2007), Schervish (2003, 2005) and Handy and Handy (2006). This thesis explores the role of entrepreneurship in contemporary philanthropy and seeks to understand its contribution to society. The overarching aim is to develop the topic of philanthropy within the entrepreneurship discourse.

This study is exploratory in nature and investigates how entrepreneurs add value to society, beyond the wealth creation process, through their engagement in philanthropy by examining why, how and to what purpose philanthropy is practiced by entrepreneurs. From the philanthropy and development discourses, it is observable that the new generation of entrepreneurs who are engaged in philanthropy target a range of issues including rudimentary health care, poor education and lack of employment opportunities (Brainard and La Fleur, 2008; Dees, 2008). Furthermore, entrepreneurial philanthropists focus their activities on a variety of problems, which contribute to stagnant micro-economic environments in developing countries, such as a lack of access to finance, poor economic infrastructure and constricted routes to market (Brainard and La Fleur, 2008). Typically, the focus of entrepreneurial philanthropy is on developing countries, impoverished communities and the

solutions that are championed often involve the fostering of private or social enterprises (De Lorenzo and Shah, 2007).

In the context of this study, entrepreneurial philanthropy is defined as “*the application of entrepreneurial methods and resources for philanthropic purposes*”. The entrepreneurial characteristics of this process are perceived to derive from the experiences of successful entrepreneurs who become engaged in philanthropy following the creation of significant levels of personal wealth. Entrepreneurial philanthropy is not simply the redistribution of financial wealth through donations or grants, as seen in more traditional forms of philanthropy (Anheier and Leat, 2006). Rather, it is regarded as a process aimed at creating social change. Entrepreneurial philanthropists harness their available resources — personal wealth, knowledge and expertise, contacts and networks, and entrepreneurial competencies — to target widespread, yet complex, social problems.

## **1.2 The relationship between wealth creation and philanthropy**

History has shown that when new wealth is created, new philanthropy emerges (Morino and Shore, 2004; Bishop, 2006; Bishop and Green, 2008). The intense periods of radical social and economic change when wealth is created — the agrarian revolution and the industrial revolution — are typically followed by a period of social conflict caused by the growth of income and wealth inequality (Bradley, 1987; Krugman, 2007; Bishop and Green, 2009). As such, the wealthy have attempted to alleviate social inequalities through engaging with charitable and philanthropic causes.

Historically, there has been a strong tradition of the active participation of entrepreneurs in charitable giving and philanthropy. Many prominent business figures, such as Andrew Carnegie and John D. Rockefeller, have used their vast personal wealth to engender social change (Nasaw, 2006; Fleishman, 2007). Indeed, both Carnegie and Rockefeller remain synonymous with philanthropy all over the world (Fleishman, 2007; Nasaw, 2006). Much of the wealth created in the U.S has been given back to the community to build new social institutions such as universities (Stanford, Johns Hopkins, and Carnegie-Mellon), churches, hospitals, and museums. Timmons (1995) highlights that the majority of donors to university

capital campaigns in the U.S are successful entrepreneurs, which is reflected in the named professorships, buildings and sports facilities across American university campuses. Therefore, the American tradition of entrepreneurship has been to engage in philanthropy and give back to the community.

There has also been a strong tradition of philanthropy in the U.K. The enlightened entrepreneurs of the Victorian era, including Thomas Holloway, Titus Salt, George Palmer and Jeremiah Colman, are renowned for their charitable giving and efforts, largely centred on Christian charitable values (Bradley, 1987). Sir Titus Salt achieved this in the creation of Saltaire, a self-contained village for his workers. Similarly, William Hesketh Lever created Port Sunlight. Salt and Lever both chose to focus on improving the working and private lives of their employees (Bradley, 1987).

Over the last century philanthropy has evolved with the introduction of new goals and the development of new functions of the foundation (Fleishman, 2007). The introduction of community foundations has extended the movement, by pooling resources with donor advised funds extending to religious and minority communities, which have altered the landscape (Fleishman, 2007). Similarly, the emergence of organisations that support foundations, which have similar functions to donor advised funds have brought commercial influences to how philanthropy is approached (Fleishman, 2007).

The current “Golden Age of Philanthropy” is distinctive because of the engagement of wealthy entrepreneurs who have amassed significant levels of personal wealth at a younger age (than their predecessors) (Bishop, 2006; Bishop and Green, 2008). Furthermore, the source of wealth within the UK has changed over the last thirty years (Bishop and Green, 2008). Rather than the high net-worth individuals having inherited wealth within the U.K they are typically self-made<sup>1</sup>.

In parallel, with the growth of self-made high net-worth individuals there have also been considerable media reports of wealthy and successful entrepreneurs engaging in philanthropy. In the UK, individuals such as Sir Tom Hunter have publicly pledged

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<sup>1</sup> Sunday Times Rich List publications 2006-2011.



to give their wealth away during their lifetime<sup>2</sup>. Similarly, in the US the Giving Pledge established by Bill Gates and Warren Buffet in 2010 seeks to encourage America's richest to give their wealth away<sup>3</sup>. Thus there is significant media attention focussed upon the richest members of society and what such individuals do with personal wealth. However, surprisingly few empirical studies contribute to knowledge on the philanthropic practices of high net-worth entrepreneurs.

Of particular concern to this thesis is the growing trend for successful entrepreneurs to develop their own philanthropic agendas (Handy and Handy, 2006; Dees, 2008). The increased engagement of such individuals in philanthropy can be related to the increase in private wealth creation, which has characterised the last thirty years. This has been facilitated by innovative product development, strong stock markets, the advancement of technology and the development of a global marketplace (Giddens, 2004; Handy and Handy, 2006; Zahra, Rawhouser, Bhawe, Neubaum, and Hayton, 2009). The significant increase in individual levels of personal wealth has acted to highlight the increasing level of income inequality within nations and between developing and developed countries, heightening the growing divide between rich and poor. Wealth has been concentrated in the hands of the few in the developed world – in the U.S it is concentrated in the elite top one percent of the population (Krugman, 2007). However, the poorest 20% have seen their share of income decrease to 1.4% of global income (Castells, 2004; Hedenus and Azar, 2005). Krugman (2007) argues that the recent growth in income inequality in developed countries has its political roots in neo-conservative politics dating from the 1970s and championed by Reagan in the U.S. and by Thatcher in the UK. The growing and visible inequalities between rich and poor have bolstered the continuing long term social, economic and environmental problems that are embedded in global society.

Such problems increasingly draw the attention of individual wealthy entrepreneurial philanthropists, who champion social change and who support huge public campaigns against global poverty such as the Make Poverty History campaign in 2005. Importantly, such campaigns and movements have been spearheaded and

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<sup>2</sup> <http://news.bbc.co.uk/1/hi/scotland/6903605.stm>

<sup>3</sup> <http://www.bbc.co.uk/news/world-us-canada-10870361>

supported by both wealthy entrepreneurs and celebrities (Brainard and La Fleur, 2008). The Make Poverty History campaign brought together a remarkable list of individuals including Nelson Mandela, Bill Gates, Sir Richard Branson, Sir Tom Hunter, Bono, Sir Bob Geldof and Richard Curtis to name just a few. Therefore, through supporting such public campaigns and interconnecting with other influential figures from business, politics and development the contemporary philanthropists appear to be engaging in philanthropy at a macro level.

Entrepreneurial philanthropy is therefore viewed as being situated within a system of strategic governance networks where influential individuals from business, politics and development connect. It suggests that entrepreneurial philanthropists have the propensity to influence political, economic and social agendas in the UK and overseas. In this respect, entrepreneurial philanthropy offers the potential to create and strengthen institutions that can even out inequality and progress society. Simultaneously, the unique and rather powerful positioning of such individuals raises questions as to what extent entrepreneurial philanthropists should yield such influence in areas traditionally the reserve of democratically elected governments. It is within this context of global development and contemporary philanthropy that this research study is located.

### **1.3 Research aims and approach**

The aim of this thesis is to explore the phenomenon of entrepreneurial philanthropy. By systematically considering the motivation, meaning, mechanism and magnitude of this phenomenon, this study aims to bring clarity and understanding to contemporary entrepreneurial philanthropy. Entrepreneurial philanthropy represents a journey of experiential learning as entrepreneurs step out of the business world into the field of philanthropy. The process of entrepreneurial philanthropy and the process of change that it seeks to achieve require the exploration of internal and external factors which influence the change process. More specifically, it is important to explore the outer and inner contexts of the phenomenon in this exploratory research as guided by Pettigrew (1990, p. 268), who argued:

*“Change is multifaceted: political, cultural, incremental, environmental, structural and rational dimensions. Power, chance, opportunism and accident*

*are as influential in shaping outcomes as are designs, negotiated agreements and master plans”*

The thesis aims to explore four key themes considered fundamental to making sense of entrepreneurial philanthropy:

1. The individual entrepreneur and the factors that contribute to their engagement in philanthropy.
2. The ideology and underpinning principles of entrepreneurial philanthropy.
3. The practices of entrepreneurial philanthropy, and the transferability of practices from entrepreneurship to philanthropy.
4. The forms of capital that are actively deployed by entrepreneurial philanthropists and their impact.

The first theme is to explore the factors that motivate wealthy entrepreneurs to become engaged in philanthropy. In this regard, the study explores the family backgrounds, family values and other critical personal and vicarious experiences that influence entrepreneurs to become actively engaged in philanthropy. The second theme explores the ideology of entrepreneurial philanthropy and asks what shapes and influences the philanthropic projects of entrepreneurs? The third theme explores the actual practices of entrepreneurial philanthropy, and seeks to ascertain its working methods. Within this theme, the transferability of practices from entrepreneurship to philanthropy is considered. The fourth theme explores the process of entrepreneurial philanthropy from the perspectives of the recipients, also referred to as investees, who work with entrepreneurial philanthropists. Specifically, this theme clarifies the specific forms of capital – social, economic, cultural and symbolic – invested in the organisations and projects supported by entrepreneurial philanthropists. It also considers the cultural ramifications of entrepreneurial philanthropy. These four key themes form the main content and structure of this thesis.

This study adopts an interpretative approach and a multiple case study research design (Stake; 2000; Eisenhardt & Graebner, 2007), complemented by a range of interviews with individuals active in the field of philanthropy but located outside of the five case studies. The methods selected support the exploratory nature of this

research. The five in-depth case studies draw upon 21 in-depth interviews with five entrepreneurial philanthropists, the chief executive of each of their respective foundations, other key workers in the foundations and their recipient organisations. The focus of the interviews in each case study is on the individual entrepreneurial philanthropist, the formal foundation and operations and the recipient organisations and their relationship with the foundation. This approach allowed the people, the process and resources of entrepreneurial philanthropy to be critically evaluated.

The eleven secondary interviews were conducted with a range of individuals including: independent wealth consultants, intermediary philanthropy service providers, the chief executive of a leading global philanthropic foundation, and nascent entrepreneurial philanthropists. These interviews added contextual depth to the study by examining other agents, and their contribution, in the landscape of philanthropy. In total 32 interviews were conducted between August 2007 and May 2008.

#### **1.4 Structure of thesis**

The thesis is structured to reflect the research process followed to undertake this study, and is elaborated in Figure 1.1.

**Figure 1.1: Outline of thesis**

Chapter 1	Entrepreneurship and Philanthropy: An Introduction
Chapter 2	Theoretical Perspectives on Entrepreneurial Philanthropy
Chapter 3	Research Design and Methods
Chapter 4	From Entrepreneur to Philanthropist: Findings and Discussion
Chapter 5	The Ideology of Entrepreneurial Philanthropy: Findings and Discussion
Chapter 6	The Practices of Entrepreneurial Philanthropy: Findings and Discussion
Chapter 7	Entrepreneurial Philanthropy in Action: Findings and Discussion
Chapter 8	Conclusion
References and Appendices	

The study begins with a review of relevant literature. As little empirical research has been undertaken on this topic in the field of entrepreneurship, the literature is drawn from the fields of sociology, psychology, philanthropy, entrepreneurship, organisation studies and business elites. The review of literature has facilitated the conceptual framework to be identified, and specifically, the theoretical lenses of

capital theory and hyper-agency theory were selected as especially relevant to this study. The methodology chapter outlines the philosophical foundations of the study and the research methods, which have been selected as being most appropriate for investigating the phenomenon. This is followed by the four core findings and discussion chapters, which are built around the four key areas considered to be fundamental to developing an understanding of entrepreneurial philanthropy. The four findings chapters are developed through inter and intra case analysis of the five in-depth case studies and draws on the eleven secondary interviews when relevant. The embedded discussion is situated with the relevant literature and theory. The final chapter of the thesis offers discussion of the implications, limitations and final conclusions of the thesis. It suggests future research possibilities relating to entrepreneurial philanthropy as a significant but underexplored social and economic phenomenon.

## **CHAPTER 2: THEORETICAL PERSPECTIVES OF ENTREPRENEURIAL PHILANTHROPY**

### **2.1 Introduction**

This chapter lays the foundations of an in-depth exploratory study of entrepreneurial philanthropy. It reviews relevant literature from the fields of psychology, sociology, entrepreneurship and organisational science. The chapter has five distinct themes considered important to explore entrepreneurial philanthropy. First, the chapter considers the relationship between entrepreneurship and philanthropy from classical antiquity to the present. Second, the main theoretical perspectives drawn upon in the thesis, capital theory (Bourdieu, 1986) and hyper-agency theory (Schervish, 2003; 2005) are introduced and discussed. Third, the chapter considers entrepreneurial philanthropy from an individualistic perspective and draws on literature from the domain of psychology to explore and discuss the motivation of entrepreneurs to engage in philanthropy. It considers the role of personal experience, self-actualisation and the process of self-identification as contributing factors to the emergence of entrepreneurial philanthropists. This section considers issues that influence the entrepreneur's development of a philanthropic identity.

Fourth, the chapter considers the factors that influence and shape the entrepreneur's ideology of philanthropy. Drawing on Bourdieu's (1986) concept of habitus it considers the role of the entrepreneurial career in shaping the entrepreneur's views of philanthropy. It also considers other historic and contemporary external influences on the entrepreneur's conceptual development of philanthropy. Fifth, the chapter discusses the characteristics of contemporary philanthropy. Bourdieu's capital theory is deployed to explore and develop the delivery characteristics of entrepreneurial philanthropy. This section also draws on social capital theory (Coleman, 1988; Burt, 1997) and network theory (Granovetter, 1983), which are applied to explore the role of networks and relations in fostering opportunities between individuals in the field of philanthropy. Lastly, the chapter considers the cultural ramifications of entrepreneurial philanthropy on the broader field of philanthropy, which is stratified vertically and horizontally. Specifically, the structuration work of DiMaggio and Powell (1983) is drawn upon in this section and considers structural changes across

the field of philanthropy. The phenomenon is viewed as an evolving process that is both individual and context driven, and which has cultural ramifications for the wider field of philanthropy. The multiple social change actors, contemporary and traditional philanthropic organisations, intermediary service providers, as well as, members of the general populous who act and behave philanthropically reside in the field of philanthropy. This section considers how the new generation of entrepreneurial philanthropists impact on this complex field. The chapter concludes by drawing the core literary themes of the study together to establish a framework for the presentation of the empirical findings of this study

## **2.2 A historic and contemporary contextual overview of entrepreneurial philanthropy**

The concept of philanthropy can be traced back to Ancient Greece and the term *philanthropos*. Greek mythology conveys the story of ‘Prometheus’ who stole fire from the Gods to give to mankind and was promptly punished for doing so (Pearson 1997; Bishop, 2008). The term *philanthropos* translates as ‘love for mankind’ and is the root of the term, philanthropy, which we use today. ‘Philia’ translates as friendship or love (Schervish, 2008). It is suggested that Aristotle saw *philanthropos* as a way in which the rich and elite of society could serve the state (Schervish, 2008). To this end, *philanthropos* was expressed through the sponsoring of social, sporting and cultural events, which created a legacy of the individual who was giving (Bishop and Green, 2008). With Christianity came values such as ‘charity’ and ‘love’, which a Christian should offer as assistance to the needy. The Church promoted such values as helping the poor, focussing on the needy rather than the self-glorification of the rich and the elite of society.

The period of the Renaissance, spanning from the fourteenth to seventeenth centuries, is recognised as the ‘First Golden Age of Philanthropy’ (Bishop, 2006; Bishop and Green, 2008), where the meaning of philanthropy as we understand it today was articulated. More specifically, philanthropy was viewed as finding lasting solutions to the ills of society through the redistribution of wealth. It was facilitated by the merchant traders and family businesses of that era whose business activities facilitated their accumulation of personal wealth and subsequent engagement in

philanthropy. This is demonstrated during the period between 1573 and 1597, when contributions to charities more than doubled (Bishop and Green, 2008). Of particular interest during this period, the Renaissance philanthropists moved beyond the superficial approach of earlier times when philanthropy focused upon alleviating the symptoms of social problems. The Renaissance philanthropists sought to identify lasting remedies and solutions to the social ills of society. They also introduced the concept of making endowments to foundations and charitable trusts (Bishop and Green, 2008) to provide a steady income to maintain newly created philanthropic foundations. Importantly, the endowment created a legacy for such individuals. Philanthropy was the basis of poor relief in England during the sixteenth and seventeenth centuries (Bishop and Green, 2008).

The eighteenth century is considered to be the second golden age of philanthropy (Bishop and Green, 2008) and centred on the capitalist merchant classes creating and redistributing wealth. The novel invention of the joint stock company during that era facilitated significant wealth creation and philanthropy (Bishop and Green, 2008). At that time, what we recognise nowadays as collective philanthropy was embarked on by entrepreneurs and merchants pooling their resources to address pressing social needs. Many hospitals in the eighteenth century were funded in this way, including Westminster, St George's, Winchester, London and Middlesex (Bishop, 2008).

The Victorian era is proposed by Bishop and Green (2008) as the third golden age of philanthropy. It was inspired by the social and economic changes brought on by the industrial revolution. During this period wealth became less concentrated in the hands of the landed gentry. A new breed of industrial entrepreneur profited significantly from the industrial revolution and subsequently attempted to address the social ills which plagued Victorian Britain (Bradley, 1987). Philanthropists synonymous of that time are: Thomas Holloway, Titus Salt, Samuel Morley, George Palmer, Jeremiah Coleman, George Cadbury, Joseph Rowntree, Jesse Boot and William Hesketh Lever. Such individuals became known as the enlightened entrepreneurs (Bradley, 1987). Titus Salt and William Hesketh Lever are renowned for the development of 'Saltaire' and 'Port Sunlight', purpose built communities that housed and educated their workers and families, providing them with a more



comfortable environment in which to live, work and develop. In this respect, it is viewed as enlightened self-interest.

The fourth golden age of philanthropy proposed by Bishop and Green (2008) began towards the end of the Victorian era, at the turn of the nineteenth and early twentieth century. It was driven by the rapidly expanding industrial economy of the US. Prominent philanthropists like Rockefeller, who created vast amount of wealth from the oil industry, and Carnegie who created vast wealth from the steel industry, engaged in philanthropy of a substantial scale. Andrew Carnegie (a Scottish immigrant), a leading industrialist of that era, articulated through his writings ‘The Gospel of Wealth’, that it was the responsibility of the wealthy to redistribute their wealth for the good of society at large. This translated as the seeking of partnership and matching funding initiatives from municipal communities for libraries. If no partnership funding was provided then no libraries were built.

*“I do not wish to be remembered for what I have given, but for what I have persuaded others to give” (Carnegie, Gospel of Wealth cited in Bishop and Green, 2008, p27).*

Bishop and Green (2008) argue that the current era is the fifth golden age of philanthropy. It is characterised by a growing trend of successful entrepreneurs who develop their own philanthropic agenda, with an international dimension (Handy, 2006; Bishop and Green, 2008). The observed increase in philanthropy over the two decades can be related to an increase in wealth creation, which has largely characterised this period. This has been facilitated by innovative product development, strong stock markets, the advancement of technology and the development of a global marketplace (Handy and Handy, 2006; Zahra, Rawhouser, Bhawe, Neubaum and Hayton, 2009). The heightened wealth creation process on both sides of the Atlantic has facilitated significant levels of personal wealth being amassed by individuals. Of interest, is within the top 1000 individuals listed in the annual compilation of the UK Sunday Times Rich List from 2006 to 2011, on average around 75% of these individuals are entrepreneurs. This corresponds to recent studies that argue that entrepreneurs have disproportionately high levels of net worth (Quadrini, 2000; Cagetti and De Nardi, 2006). This is in contrast to inherited wealth being passed down from generation to generation — a historic characteristic

of the wealthy. Considering the entrepreneurial make-up of the high net worth individual within the U.K, it is of interest to explore what impact it has had on the contemporary practice of philanthropy and to consider how the phenomenon can be theorised.

## **2.3 Theoretical antecedents of entrepreneurial philanthropy**

### ***2.3.1 The interplay between capital and power***

There are two theoretical lenses applied in this study to explore the working characteristics of entrepreneurial philanthropy. These are capital theory (Bourdieu, 1986) and hyper-agency theory (Schervish, 2003; 2005). Bourdieu (1986) argues that the truly powerful members of society, the elite, have an abundance of all four capital forms – economic, cultural, social and symbolic – which they utilise to maintain and extend their position of power and dominance within society.

Economic capital is considered the most significant form of capital (Bourdieu, 1986, Maclean, Harvey and Press, 2006). In turn the ownership of economic capital helps the individual to accumulate social, symbolic and cultural capital. Cultural capital refers to knowledge, experience and cultural dispositions. Social capital refers to family, networks and relationships and symbolic capital refers to titles, honours and reputation (Bourdieu, 1986; Maclean, Harvey and Press, 2006). Ownership of the different capital forms is viewed as being important to an entrepreneur's capacity to engage in philanthropy at a higher level, than for example someone of average to modest wealth.

Theoretically, entrepreneurial philanthropists are powerful figures within the global philanthropy arena. To elaborate, high net worth entrepreneurs such as Bill Gates, Pierre Omidyar, Jeff Skoll, Sir Tom Hunter, and Sir Richard Branson are individuals who are highly engaged and committed philanthropists. The significant public profile of such individuals in business is leveraged to raise their profile and capacity in their philanthropic activities. Importantly, the key factor that binds these individuals together is their significant command over resources (Clegg, Courpasson and Phillips, 2006) in the form of economic, social, symbolic and cultural capital. Importantly, the collective accumulation of multiple forms of capital and their combined entrepreneurial value (Eriksson, 2002; Firkin, 2003), facilitates high net

worth entrepreneurs turned philanthropists to become elevated to a position of hyper-agent (Schervish, 2003, 2005), where their significant command over resources (Clegg, Courpasson and Phillips, 2006) translates into significant power enhanced by their entrepreneurial legitimacy and identity (Durand and McGuire, 2005). Hyper-agency represents the elevated position of an individual within a field, and encapsulates their capacity to be a producer of change (Schervish, 2003). Importantly, individuals who achieve hyper-agent status become situated within the field of power (Useem, 1984).

The field of power (Useem, 1984) is where distinguished and powerful figures who are active in politics, business and international development converge to make decisions that influence and shape the direction of society. It represents a network of governance, where network relations foster strategic governance at a macro level (Ball, 2008). Acquiring the role of hyper-agent translates into someone whose influence shapes policy, and who acts as a catalyst for the creation of change. As hyper-agents, entrepreneurial philanthropists have the capacity to use their elevated status to extend their reach beyond their philanthropic activities. This can be likened to the term institutional entrepreneur who takes the lead in catalysing and directing change by leveraging resources (Colomy and Rhodes, 1994), and therefore has the capacity to shape institutions (Seo and Creed, 2002; Macguire, Hardy and Lawrence, 2007). It is suggested here that the philanthropic process feeds into a continuous cycle of capital, which is both accumulative and redistributive in nature. Thus, the entrepreneurial philanthropist's status as hyper-agent enhances and fuels their ability and capacity to continue developing their capital wealth, which can be used to progress both their business and philanthropic activities.

Therefore, an individual's human agency (Emirbayer and Mische, 1998; Clegg, Courpasson and Phillips, 2006) can change as a result of the shifting boundaries of their wealth — economic, social, symbolic and cultural capital — and through their embeddedness in strategic governance networks. The continuous cycle of capital accumulation and redistribution in the process of entrepreneurial philanthropy is therefore viewed as important. It suggests that the accumulation, maintenance and preservation of specific contacts and networks take on a new significance to the individual entrepreneurial philanthropist in the form of ownership of social capital

(Coleman, 1988; Burt, 1997; Laird, 2006). This enables individuals to strategically develop their progressive position within influential networks in the field of power and to assert influence (Useem, 1984; Fligstein, 1997).

### ***2.3.2 The application of capital theory in the field of philanthropy***

Social capital theory is useful within this context as it offers an explanation as to the value that is created through networks, gatekeepers and contacts (Granovetter, 1983; Burt, 1997) in fostering opportunities within the field of philanthropy. The social capital accumulated and applied by entrepreneurs is relative to the ambition and vision they display in their philanthropic activities. The networks and contacts accessed and courted by entrepreneurial philanthropists — through the development of strategic partnerships — are critical to their ability to enhance their individual agency. This is further enhanced by the strategic development of key political relationships with Government leaders and opposition party leaders, as well as, past leaders of government (like Clinton, Mandela, Blair and Brown) whose symbolic and social capital can be leveraged to affect policy change across different regions.

The application and accumulation of social capital is a fundamental factor in the strategic perspective of entrepreneurial philanthropists, who set out strategically to grow their existing network of contacts, by incorporating various influential individuals located in the fields of philanthropy, international development, business and politics. Social capital is viewed as an important tool used by entrepreneurial philanthropists to further their capacity to address complex global social and economic problems. There is a positive relationship between the level of ambition displayed by the entrepreneurial philanthropists and the extent to which they strategically use their social capital accumulation. This is similar to the way that nascent entrepreneurs adapt their networks and contacts through each stage of the life-cycle of their venture, and illustrated in literature on business networking (Johannson and Mattson, 1994; Hakansson, Havila and Pedersen, 1999; Hakansson and Snehota, 1995; Hertz, 1996; Slotte-Kock and Coviello, 2010). The ability of the individual entrepreneurial philanthropists to develop and leverage their ownership of social capital into other forms of capital — symbolic, cultural and economic — is critical to their philanthropic ambitions. This productive value of social capital is

widely acknowledged in academic discourse (Burt 1995; Coleman, 1988; Jack, Drakopoulou Dodd and Anderson, 2004; Slotte-Kock and Coviello, 2010; Jack, 2010). Especially important, is the convertibility of social capital to symbolic capital (Shaw, Lam and Carter 2008), which acts to extend the reach of the entrepreneurial philanthropists as they begin to network and become known (increasing their symbolic capital and legitimacy) within established philanthropic and development networks as a leading philanthropist.

Symbolic capital is also critical to the practice of entrepreneurial philanthropy. Entrepreneurial philanthropists leverage their status as hyper-agents to gain access to, as well as, maintain relationships with influential individuals in the realm of politics. Entrepreneurial philanthropy is centred on creating and catalysing change by stimulating change that addresses the root cause of social and economic problems as opposed to alleviating them. Primarily this occurs through influencing policymakers to take steps to achieve scale and replication of the programmes championed by philanthropists.

However, it is widely recognised, the ownership of, and command over resources brings immense power to an individual (Bourdieu, 1986; Clegg, Courpasson and Phillips 2006). Economic capital is essentially what facilitates individuals' access to the power platform from which they can be elevated to the status of hyper-agents. Critically, it is from where they gain entry to the field of power where the dominant actors of society converge, as the producers of change, to make decisions that impact on the rest of society (Useem, 1984). It is the ownership of economic capital that facilitates the individual entrepreneur to become a key player in philanthropy. Someone, who can engage in the complex set of global problems, upon which we typically observe entrepreneurial philanthropists focusing: poverty reduction, increasing access to health care, sanitation, education in developing countries etc. (Brainard and Le Fleur, 2008). Ultimately the ownership of economic capital is crucial for the entrepreneur to be in a position to take on a philanthropic role.

The fourth type of capital form which is critical to entrepreneurial philanthropists is cultural capital in the form of knowledge, expertise, experience and taste (Bourdieu, 1986; Maclean, Harvey and Press, 2006). The employment of cultural capital in

entrepreneurial philanthropy is critical to the development of innovative solutions to complex, social and economic problems. Importantly, it is by employing their capital wealth (in its broadest sense) that entrepreneurial philanthropists continue accruing the different capital forms. Facilitating the entrepreneurial philanthropists to gain access to specialist knowledge and expertise from within the development and social enterprise realms that can be employed in their philanthropy. In particular, entrepreneurial philanthropists combine specialist knowledge and expertise often acquired through recruiting intellectuals and experts to specific projects, or through developing strategic partnerships with organisations with a shared interest. The accumulation of new knowledge combined with the philanthropists' entrepreneurial knowledge (process oriented) and mindset facilitates innovative solutions to specific problems to be identified and developed. The development, accumulation and application of cultural capital is viewed as critical to the practice of entrepreneurial philanthropy. The continued accumulation and application of cultural capital is considered of real significance to all participants engaged in the process of entrepreneurial philanthropy.

The possession and accumulation of the different capital forms within entrepreneurial philanthropy equates to a vast command over resources and propel the entrepreneur to become a hyper-agent. Entrepreneurs are already recognised as being in possession of the four different capital forms (Anheier, Gerhards and Romo, 1995; Harvey and Macalean, 2008; Terjesen and Elam, 2009) which facilitate their hyper-agency status. Hyper-agency is the capacity for institutional building through the application of capital to shape the tangible world (Schervish, 2003). The key aspect of this theoretical concept is the very transformative nature of hyper-agency, which Shervish (2003) claims is largely unexplored in theory.

Shervish (2003) suggests that 'agency' is directed towards accomplishing one's own normative and utopian frameworks and towards the creation of new distribution channels of human and material resources. Furthermore, that "the wealthy can circumscribe such constraints and for good or ill, create for themselves a world of their own design" (Shervish, 2003, p. 21). After all, power can achieve great things, "making a difference is what power does" (Clegg, Courpasson and Phillips, 2006, p.4). This is in contrast to the argument of Bourdieu (1986) where individuals of

such capital wealth seek to reproduce and maintain existing social structures. However, it is proposed here that entrepreneurial philanthropists seek to reproduce a culture of entrepreneurship in order to facilitate and encourage social change that is empowering, independent and sustainable. In this context, it is plausible to suggest that entrepreneurial philanthropists are seeking to maintain the order of capitalism, but not to dominate the dominated as is argued by Bourdieu (Bourdieu, 1986; Swartz, 1997). Rather, entrepreneurial philanthropists strive to use their capital wealth to change the societal position of those at the bottom of the social strata. Theoretically, it is proposed that the deployment and accumulation of the combined forms of capital facilitates the entrepreneurial philanthropists to engage strategically at a high level of society, to progress their philanthropic endeavours that benefit the rest of society. However, there are also critiques of power and the use of wealth, which deviate from the proposed theory and these will now be discussed.

### ***2.3.3 Social stratification and cultural hegemony***

Bourdieu (1986) in his offering of capital theory argues that society is divided by class and field, and that the ownership of capital defines where individuals are positioned within society. Evidently, individuals with an abundance of economic capital can be clearly differentiated from those without because of the power that economic capital provides to them. Specifically, economically abundant individuals can acquire the other capital forms, cultural, social and symbolic to obtain a dominant societal position. Bourdieu (1986) argues that the purpose of capital is primarily to maintain and reproduce social distinctions between the dominant and the dominated, and that societal division is unconscious in nature as it is so deeply ingrained in culture. Specifically, individuals reproduce and reinforce the stratification of society through their unconscious behaviour- referred to as “habitus”. Habitus is the unconscious ingrained behaviour of individuals that acts to maintain the status quo of existing stratification (Swartz, 1997).

Gramsci (1971), an Italian political theorist, offered a similar theory of cultural hegemony where the dominant and the dominated live by a common sense view of the world, which is taken as normal. This view is reinforced through the “political, moral and intellectual leadership who articulate a basic world view that subordinate

classes come to adopt” (Karl and Katz, 1987, p. 4). Gramsci (1971) articulates societal stratification as taking on a consensual role through the passive revolution which he defines as, “the attempt to neutralize the revolutionary potential of the working class through reforms carried out from above to preserve the existing social order” (Karl and Katz, 1987, p. 4). Traditionally critics of philanthropic foundations suggest that their position within society acts to preserve the existing social order — a state corporate capitalist social order (Karl and Katz, 1987, Fisher, 1983), as opposed to using their unique positioning within society, outwith governmental control and business control, to challenge and change the real inequalities of society. A research study of the Rockefeller Foundation in the United States during the period 1910 and 1940 conducted by Fisher (1983), suggests that the foundation acted to maintain the social order rather than to question or alter it, which acted to reproduce and produce cultural hegemony (as argued by Gramsci, 1971). This argument is primarily driven by the belief that the policies adopted by foundations strive to influence social change, which acts to reinforce and reproduce efficient industrial production, and the preservation and spread of free democratic political systems (Fisher, 1983). Such policies are driven by an increasingly professionalized bureaucracy of foundation trustees characterised during the period under study as being of “social prestige, financial success and middle age respectability” (Fisher, 1983, p. 223). It is important to note that, relative to this study, the trustees of the era under examination are some of the most successful administrators and capitalists in the United States — elite members of society (Fisher, 1983). It is proposed that the foundation in question sought to champion efficient industrial production, preserve and encourage free democracy at a time when Communism and Fascism were taking hold in Europe and when America itself was in economic turmoil (Karl and Katz, 1987).

Through championing capitalism and democracy, perhaps it should be considered that the Rockefeller Foundation was trying to preserve economic and social stability in what had become a fragile global environment. Furthermore, the positive effects of capitalism had benefitted the Rockefeller family (in their wealth creation) and therefore could continue to provide economic opportunity for others in a way that would strengthen the position of ordinary men. The fact that the foundation sought to



invite individuals of stature onto the foundation board as trustees perhaps resounds more of rationality. After all, would you entrust millions of dollars into the hands of individuals who had not championed success in their own careers whether administrative, academic or business and who were not considered as being in a position of stature? It is argued here that the philanthropists of that era consulted and involved individuals who were within their circle of trust to appropriate wisely the funds of the foundation. Furthermore, in doing so they sought to leverage the cultural capital of influential individuals to strengthen their philanthropy.

One of the main criticisms levied at foundations in contemporary society is that they have largely failed to make an impact (Porter and Kramer, 1999; Anheier and Leat, 2002; 2006). Furthermore, that philanthropy is a preventative measure against socialist revolt against the capitalist classes, labour unrest and to combat urban poverty (Karl and Katz, 1987). It may not be unreasonable to suggest that there are some grains of truth in some of these suggestions, if we consider that most times of boom have been followed by a period of bust which brings with it a whole range of social, economic and political unrest. However, it is proposed that successful and wealthy entrepreneurs strive to make an impact through philanthropy in areas where elected democratic governments have largely failed. Their endeavours attempt to stimulate and create social change and to combat issues of social concern that threaten the very existence of a global civil society. Otherwise, why engage in the philanthropic process so fervently? Would a piecemeal approach in the grand conspiracy case perhaps not seem more appropriate? Hence, the theoretical perspectives which have been presented so far approach philanthropy from a macro level perspective and still do not adequately explain what drives the individual entrepreneur to become so entwined in philanthropy. It is therefore useful to consider the factors which contribute to the entrepreneur's engagement in philanthropy from an individualistic perspective.

## **2.4 The entrepreneur's engagement in philanthropy: Contributing factors**

### ***2.4.1 Motivations leading into philanthropic engagement***

There is a solid and extensive body of literature from the field of psychology that explores the motivation and decision making process of individuals engaged in pro-

social behaviour. There are many diverse reasons for the decisions of individuals to engage in pro-social behaviour, ranging from obligation, perceived need, individual attachment as well as situational and environmental factors (Piliavin and Charng, 1990). However, existing literature does not adequately explain if the motivations of high net-worth individuals' engagement in philanthropy are similar to individuals of average wealth who engage in philanthropy. Schervish and Havens (1997, p. 67) suggest that there is a spectrum of reasons as to why wealthy individuals become engaged in philanthropy.

*“From genuine empathy to self-promotion, a sense of religious obligation to the need to expand one's own business networks, passion or prestige and political philosophy to tax incentives”*

Within this quote there is the suggestion of altruistic and egoistic motivations, which is developed significantly within the psychology literature. The concept of altruism has been a fervently debated subject in the field of social psychology. Altruism is defined as behaviour that is “(a) of benefit to another person, (b) performed voluntarily, (c) performed intentionally, (d) the benefit must be the goal itself, and (e) performed without expecting any external reward” (Piliavin and Charng, 1990, p.30). It stands in direct contrast to egoistic behaviour which occurs when an individual does something for another motivated by self-interest. This could be to relieve one's own negative state (Cialdini, Baumann and Kendrick, 1981; Hornstein, 1982; Piliavin, Dovidio, Gartner and Clark, 1981). Egoism is defined by Batson (1994) as a pro-social act that provides benefit in some way to the individual who is giving. More specifically, an individual may help others in order to secure material, social and self-reward and to escape material, social and self-punishment (Hogg and Vaughn, 2005). Piliavin and Charng (1990) in their review of theory and research on altruism suggest that the literature from sociology, economics, political science and social psychology lends itself to the position that altruism is indeed a part of human nature:

*“People do have other-regarding sentiments, they do contribute to public goods from which they benefit little, they do sacrifice for their children and even for others to whom they are not related” (Piliavin and Charng, 1990, p.29).*

This body of literature suggests that individual motivation to engage in philanthropy is located along a spectrum from altruism to egoism. Therefore, it becomes difficult to separate the drivers of philanthropic behaviour as being purely altruistic or purely egoistic in nature. It is suggested that there is an element of self-interest and reward involved, whether in terms of personal and emotional fulfilment or through continued accumulation of economic, symbolic, social or cultural capital. This can be related to the concept of indirect reciprocity (Batson, 1994; Piliavin and Charng, 1990; Andreoni, 1989; 1990), which suggests individuals may believe that it is socially desirable to engage in charitable giving and may do so in the expectation of accruing a personal return such as social capital. Others may strive for social recognition in the forms of increased status, prestige or power; this may be driven by a desire to advance their position in a professional peer or social peer setting.

But, does it really matter whether an individual entrepreneur is motivated by altruistic or egoistic factors to engage in philanthropy? Is it so morally inappropriate for an individual to be motivated by both factors? The fact remains that entrepreneurial philanthropists are actively trying to bring about social change, taking risks in areas of economic, political and socially fragile spheres that might otherwise be neglected. It takes a very particular kind of person to strive to make a difference where others have failed. Qualities such as grit, determination, perseverance and tolerance of risk are required to bring about major societal change. Such qualities are core entrepreneurial attributes (Timmons, Gillin, Burshtein and Spinelli, 2011). This is interesting when considered with the work of Wilson and Petruska (1984) who found evidence to suggest that the predisposition to take risks may be correlated with the readiness of an individual to undertake altruistic acts which may prove costly to the individual. Furthermore, Wilson and Petruska (1984) argue that individuals who are high in self-efficacy, mastery and self-worth are more likely to engage in helping behaviour than individuals who are high in need of security and who prefer to avoid situations of anxiety. Entrepreneurs are also known for their high levels of self-mastery and self-efficacy (Kruger and Brazeal, 1994; Kruger, 2003).

Considering this body of literature in the specific context of entrepreneurs who have successful careers in business, who are highly competent, driven and passionate

about their businesses suggests that these are the very qualities required to produce change in social, economic and cultural terms. It is because of the power that their wealth affords them (Bourdieu, 1986; Clegg, Courpasson and Phillips, 2006) that such individuals are in a position to engage in philanthropy on a large scale.

Therefore, rather than dwelling unduly on questions of motivation it might be more fruitful to consider what factors push or pull entrepreneurs into what it is proposed becomes an ambitious and committed second or parallel career. Those individuals who fully embrace the process of entrepreneurial philanthropy view wealth creation as being solidly bound with philanthropy and embrace an identity of philanthropist. However, the current discourse does not adequately explain what brings a high net worth entrepreneur to embrace philanthropy and a philanthropic identity so fervently.

#### ***2.4.2 Identity transformation***

It is relevant to consider how the entrepreneur comes to create a new identity as an entrepreneurial philanthropist; at what point along the journey of philanthropy does the new identity fully take hold? Do entrepreneurs initially seek to develop a positive social identity to counterbalance the stereotypical perception of the greedy and self-interested capitalist entrepreneur? It is argued through social identity theory (Terry Hogg and White, 1999), that members of the 'outgroup' seek to take on the identity of the 'in-group' in order to become socially accepted. In this context, it could be argued that the high net worth entrepreneur is driven by external factors to engage in philanthropy in order for their accumulation of wealth to be socially acceptable.

However, social identity theory (Terry, Hogg and White, 1999) does not account for the full and intense adoption of philanthropy by the likes of Bill Gates of Microsoft. His recent public face is that of full time philanthropist. In June 2007 Gates announced he was stepping down from his full time role in Microsoft to run the Bill and Melinda Gates Foundation and made a commitment to redistribute his estimated US\$50 Billion personal fortune (*Financial Times*, 27<sup>th</sup> June, 2007). This serves as only one example but nevertheless, it suggests that somewhere beyond the start of the journey of philanthropy a key change occurs in the individual when they come to see themselves first and foremost as a philanthropist. External drivers (seeking to become more socially accepted) do not adequately explain such an individual

transformation. Hence, the incorporation of internal and personal drivers that work to engage the individual in the journey of philanthropy requires further consideration.

Research conducted within the field of organisational science explores the formation of personal identities within work settings (Ibarra 1999; Beyer and Hannah, 2002). Considering the transition phase between entrepreneur and philanthropist, there are various internal and external factors that contribute to the personal identity creation and role adoption of philanthropist. Ibarra (1999) suggests that the identification of external role models whose specific behaviour and attitudes are considered as being important and desirable to an individual, assist them to form a new provisional personal identity. Such individuals also serve as a benchmark for what can be achieved by the individual (Bandura, 1977). Hence, images of successful philanthropists both historical and contemporary (e.g. Andrew Carnegie and Bill Gates), striving to make their mark on society, through philanthropy may act as a catalyst to the entrepreneur to recreate themselves in this mould (Ibarra, 1999). However, this is not a one way process. Social interaction is a key contributing factor providing the novice entrepreneurial philanthropists with the opportunity to create, test out and refine their new provisional self-identity (Ibarra, 1999), which subsequently becomes consumed within their own personal identity (Beyer and Hannah, 2002).

The process of self-actualisation as argued by the psychologist Abraham Maslow (1998) and supported by Lloyd (2004) as a factor of engagement in philanthropy is relevant to the discussion. Self-actualisation is defined as a process of individual self-fulfilment of reaching one's own personal development potential and achieving one's capabilities. Maslow suggests that self-actualisation facilitates individuals to achieve their own ambitions (Maslow, 1998). The first requirement of self-actualisation is to satisfy physiological needs. Stage two is to satisfy safety needs. Stage three involves satisfying love/belonging needs. Stage four focuses on the esteem needs of the individual and it is during stage five, that the individual reaches self-actualisation. The key elements of self-actualisation include creativity, problem solving, spontaneity, acceptance of reality and a lack of prejudice. An individual can only develop to the stage of self-actualisation having successfully reached the other stages of Maslow's hierarchy of needs.

The concept of self-actualisation is similar to the concept of moral capital as proposed by Shervish (2006). Moral capital derives from entrepreneurial careers, which facilitate necessary and acceptable steps for the prosperity and moral integrity of the individual. Schervish (2006) argues that as an individual's personal wealth reaches levels which go beyond the possibility of personal consumption, a process of 'discernment' begins where through self-reflection, individuals' can clarify their capacity and moral purpose in life and begin to develop or enhance their own moral capital (Schervish, 2006). This was also recognized by Keynes (1930) who argued that "when the accumulation of wealth is no longer of high social importance, there will be great changes in the code of morals" (as cited in Schervish, 2006, p. 489). Keynes suggests that with the accumulation of wealth, the individual profits from increased opportunity to develop their aspirations and responsibilities. The possession of significant personal wealth facilitates individuals to have the freedom of choice to reflect, clarify and acknowledge, and set out to reach their capacity. Therefore, it is the capacity to create social change on a significant scale that differentiates high net worth entrepreneurial philanthropist from others who seek to add value to society. It is proposed here that what differentiates ultra-high net worth individuals from average net worth individuals is the scale at which the former operates and how that influences their capacity to make a difference to society. Therefore, while the fundamental motivation to engage in philanthropy or some other form of pro-social behaviour includes altruistic and egoistic factors, it is the capacity of entrepreneurial philanthropists to influence events at a macro level that is radically different. This is possible because of their command over resources (Clegg, Courpasson and Phillips, 2006). It is therefore suggested that the personal experience, background, career, peer set and family of entrepreneurs contribute, to how they shape their identity as a philanthropist and how they come to conceptualise themselves as a philanthropist and shape their ideology of philanthropy.

## **2.5 Formation of an entrepreneurial philanthropic ideology: Contributing factors**

### ***2.5.1 The role of habitus***

Having established the multiple factors, which bring the entrepreneur to philanthropy there is a need to consider how such factors (business and personal experience, family, and historic and contemporary peers) influence and shape the entrepreneur's development of a conceptual understanding of philanthropy. The personal experience and background of the entrepreneur is of great significance, in exploring and developing an understanding of the espoused belief system of philanthropy. In the context of this research, habitus is the unconscious and accepted behaviour of the social environment within which the entrepreneur is situated. It is proposed here that it influences the ideology of philanthropy developed by the entrepreneur. Family background, social demographics, education, business experience, personal and professional relationships all influence how individuals view the wider world. In accordance with Durkheim "gaining exposure to a wide variety of viewpoints is essential in the social constructionism of individualism" (Granovetter, 1983, p.203).

The ideological formation of philanthropy is a gradual process. Here, it is proposed it is malleable within the early stages of the entrepreneur's engagement in philanthropy particularly in the early years. Hence, the influence of family on the entrepreneurial philanthropist cannot be underestimated, whether it is a parent or a spouse.

Berkowitz (1987) in a study exploring the influences on local heroes who founded grassroots community organisations cites the influence of parents as being integral to an orientation to charitable behaviour.

The notion of personal influences is therefore relative to the discussion on the development of an ideology of philanthropy. Brady et al., (2002) identify heritage, background and family norms as being important factors of the environment and learned behaviour that influence the intention of new donors to give to charities. This is closely associated with the findings of Lloyd (2004) whose seminal study of why wealthy individuals in the UK give, cites the influence of family and the core values and traditions embedded within that unit as a powerful influence on an individual's propensity to give. However, none of the previously mentioned authors concern

themselves with the specific role of the spouse, whose influence in the context of entrepreneurial philanthropy it is proposed cannot be underestimated. Kirkwood (2009) argues that spouses are supportive to entrepreneurs throughout the different stages of the entrepreneurship process. It is therefore suggested that philanthropy takes on a dual importance for the entrepreneurial philanthropist and their spouse.

Beyond family, the influence of community is important in how individuals conceptualise their philanthropy and the concept of religion is presented by Lloyd (2004) as being pivotal to the attitudes formed towards giving. Although these factors may be considered more relevant in the preceding section of this chapter, they are equally relevant to how entrepreneurs are influenced by external factors in the formative ideological conception of entrepreneurial philanthropy. As such the influence of the collective on the development of social and personal norms is also relevant. It can be labelled as the “social organisation of giving” (Radley and Kennedy, 1995), and is shaped by formal and informal social processes from within the entrepreneur’s habitus (Bourdieu, 1986).

The entrepreneur’s habitus provides a trusted and known network which remains an integral part to their planned philanthropic endeavours. However, it adapts as the entrepreneur moves beyond the initial trusted individuals that form their circle of trust including: business associates, lawyers, family and friends to include new individuals. The entrepreneurial habitus is perceived as an important factor in the approach and practices of philanthropy undertaken by the entrepreneurs. Despite the significant resources at their disposal, it is suggested that the entrepreneurs are pushed to look beyond existing boundaries for specialist knowledge, expertise and support to make progress in defining what and how they will succeed in philanthropy. It is proposed the entrepreneurial philanthropists strategically accumulate social capital, which supports their entry to the field of power (Useem, 1984) where they can access the required resources to progress their philanthropy.

Entrepreneurial philanthropists seek out individuals of influence, and extend their social capital to include leading politicians, business leaders and philanthropists. This facilitates the connections needed to influence change at an institutional level. It is within the upper echelons of society where strategic alliances are formed and where



networks are bridged by entrepreneurial philanthropists that enable them to shape and progress their philanthropic vision. This correlates with network theory (Granovetter, 1973, 1983) and social capital theory (Coleman, 1988; Burt, 1997; Laird, 2006) in which weak ties serve as bridges to other networks that have a high value. The productive nature of such relationships can allow the entrepreneur to gain access to vital knowledge, skills and expertise through contacts and networks which can be applied in their philanthropy and business activities.

### ***2.5.2 The role of social capital in the shaping of ideology***

In the early stages of entrepreneurial philanthropy social capital plays a crucial role in how entrepreneurs shape and create their ideology of philanthropy. Lieberman (1956, p.386) suggests that “new reference groups bring about new frames of mind, interests, attitudes and self-conceptions”. It is therefore suggested that such reference groups impact on entrepreneurs as they contemplate their own self-concept and influences their formation of an ideology of entrepreneurial philanthropy. This factor is further highlighted by Schervish and Havens (2001) who emphasise that “the basis for higher giving and volunteering is in large part a function of the mix and intensity of the network of formal and informal associations within and beyond the local community” (Schervish and Havens, 2001, p.16). Therefore, it is suggested here that highly competent and ambitious entrepreneurs purposefully seek to acquire the cultural capital that they lack in the field of philanthropy through their connections. This process supports the entrepreneurs to formalise their thinking, consideration of social issues and to develop an understanding of what form their philanthropy should take.

*“What matters most is one’s abundance of associational capital in the form of social networks, invitation and identification” (Schervish and Havens, 2001, p.16)*

The term ‘associational capital’ in this context is what is referred to as social capital throughout this thesis. The types of individuals sought by emerging entrepreneurial philanthropists include established contemporary philanthropists, who have developed a profile in the field of philanthropy, intellectuals, who are in some way engaged in the process of philanthropy, as well as other prominent individuals who hold operational expertise in the field of international development and in the

commercial realm (Khosla, 2008; Nelson, 2008) Such individuals are the new strategic connections that are required by the entrepreneurial philanthropists to progress their philanthropy and it represents a powerful combination of social capital. This influences the entrepreneurs as they shape their individual ideology of philanthropy. Importantly, it also serves as a future route to resources in their future activities.

The exposure to multiple influences and experiences facilitates the emerging entrepreneurial philanthropist to undertake a period of self-reflection to consider how best to use their material wealth (Schervish, 2006). This process of self-reflection is important as it can support the entrepreneur to transcend from wealth creator, to part time philanthropist, to engaged entrepreneurial philanthropist (as previously exemplified with the example of Bill Gates). Schervish (2006) suggests that this process is strengthened by the wealth holder conducting ‘archaeological’ conversations with trusted advisors, professional advisors and peers, specifically, to uncover ideas, emotions and activities that influenced their past moral biography and that shape their future moral bearing (Schervish, 2006).

Through the process of self-reflection and engaged interaction with other key individuals from within the entrepreneur’s circle of trust and their widening network, entrepreneurs begin to develop their ideological framework (system of values and beliefs) of philanthropy. Ibarra (1999) suggests that it is through the process of social interaction that individuals also construct and negotiate a provisional personal identity. It is proposed here, that entrepreneurs actively seek out others during the early stages of engaging in philanthropy to also create, test and refine a provisional philanthropic ideology. Through the process of self-adaptation and social interaction with others the entrepreneur’s “mindful awakening of inner life, social relations and civil society” (Schervish, 2008, p. 5) occurs and pushes them further along their conceptual journey of entrepreneurial philanthropy. The experience of the entrepreneurial philanthropists as an entrepreneur in the commercial realm enables them to be successful as an individual regardless of their social roots. The system of state corporate capitalism is viewed by entrepreneurs as an enabler, which has facilitated their social mobility and capital accumulation, whilst, simultaneously producing great inequities throughout the world. Because of this the entrepreneurial

philanthropist's point of reference is the domain of entrepreneurship which influences how they practice their philanthropy. Hence, the domain of entrepreneurship is considered to be integral to the ideology and approach of entrepreneurs to their philanthropy.

It is therefore useful to revisit Fisher's (1983) argument of foundations protecting the status quo of capitalism, which can be interpreted in another way through considering the cultural capital employed in the process of philanthropy. The knowledge, experience and preferences of entrepreneurs being applied to the social realm of philanthropy can be theorised as reproducing a culture of entrepreneurship. Where experiential learning is likely to be embraced and where trial and error becomes important to identifying what is realistic, practical and efficient in terms of future scale and sustainability of programmes that have social and economic impact. Therefore, the risk and uncertainty embraced in entrepreneurship (Kanter, 1983; Hill and Levenhagen, 1995) is embraced in philanthropy supporting entrepreneurial philanthropists to apply and reproduce a culture of entrepreneurship through their philanthropy. The ideological driver of entrepreneurial philanthropy is therefore proposed as centred on the reproduction of a culture of entrepreneurship that encourages self-sufficiency. This argument suggests that entrepreneurs need to be strategic in their philanthropic activities.

## **2.6 The characteristics and practices of contemporary philanthropy**

### ***2.6.1 Networks and embeddedness of entrepreneurial philanthropy***

The work of Granovetter (1973, 1983) on the value of weak ties to individuals is important to consider in the context of entrepreneurial philanthropy, and the complex process of social relations that a novice philanthropist is required to engage in; to make connections with heavyweights in the fields of philanthropy, politics and international development. It is posited that the emerging philanthropist has to move beyond the concentrated social network of entrepreneurship, which they are embedded in to connect to elite circles. This is more likely to occur through weak relational ties as opposed to strong relational ties. Granovetter (1973, 1983) argues

that weak ties are indispensable to opportunity recognition and to the integration of individuals into other communities.

Weak ties facilitate the positioning of individuals to gain access to information and resources currently beyond their reach by acting as a bridge to other networks. A key related factor is the capital wealth of individuals of ultra-high net worth, which places them in a position of advantage. Specifically, it is possible to procure such weak ties, for example, through joining private members clubs or through attendance at strategically chosen events where other actors from the field of philanthropy or the field of power (leading politicians and business men) are in attendance. Wealth facilitates introductions to other prominent members of society, and to the elite of society (Laird, 2006). In this context the financial capital of the entrepreneur is a powerful resource that facilitates such individuals to generate other key capital forms of social capital, cultural capital and symbolic capital (Bourdieu, 1986). All of which play an integral role in the practice of contemporary entrepreneurial philanthropy, particularly when it is viewed theoretically at a macro level. However, the lack of empirical studies on the phenomenon means that a gap exists in the literature on how the entrepreneur makes the transition from micro philanthropic activities to operating at a strategic level within the field of philanthropy.

### ***2.6.2 Combination of capital forms***

Contemporary philanthropy is characterised as operating under more business-oriented principles (Porter and Kramer, 2002). Many new labels have been applied to contemporary philanthropy including Engaged philanthropy and Strategic philanthropy (Porter and Kramer, 1999), Creative philanthropy (Anheier and Leat, 2002, 2006), Philanthro-capitalism (Bishop and Green, 2008), Entrepreneurial philanthropy (Anheier and Leat, 2006; Lorenzo and Shah, 2007), Enterprising philanthropy (Dees, 2008), Investment philanthropy (MacDonald and Tayart De Borms, 2010) and Venture philanthropy (Letts, Ryan and Grossman, 1997; Pepin, 2005). Each of these labels contributes to the wider perception that there is a business orientation in the contemporary practices of philanthropy. Porter and Kramer (1999, 2002) and Letts, Ryan and Grossman (1997) give some indication as to how contemporary philanthropy is being practiced and where the emphasis is placed on

finance and knowledge which are presented as being the most prominent factors. This is explained theoretically, by the habitus of the entrepreneur — the business realm — that influences and shapes how entrepreneurs practice philanthropy. It is the ingrained culture and mindset of entrepreneurship and therefore, the culture of entrepreneurship which is viewed as a key driver in entrepreneurial philanthropy and in how solutions to social problems are identified and delivered.

Entrepreneurial philanthropy is therefore presented as a strategy for creating social and economic change that can be reproduced on a significant scale. The hyper-agency theoretical concept of Schervish (2003, 2005) illustrates the potential of entrepreneurial philanthropists whose ownerships of different forms of capital facilitate their capacity to produce transformational change. The interplay between the political, commercial and non-profit realms is presented as being pivotal to the capacity of entrepreneurial philanthropists to produce social change at a macro level. At the core of entrepreneurial philanthropy are practical characteristics borrowed from the commercial world as indicated in the new labels which have been given to contemporary philanthropy. The academic literature pays particular attention to the label of venture philanthropy (Letts, Ryan and Grossman, 1997; Pepin, 2005; John, 2006) and suggests that there are parallels with the practices of venture capital. It is characterised by high engagement, multi-year support, tailored financing, performance measurement and non-financial support such as marketing and communications. Further, it is considered as highly interactive, where measurement and evaluation are regarded as important to achieving outcomes (Porter and Kramer, 1999). The contemporary philanthropy discourse gives some indication of the application of business principles in philanthropy already evident in the sector, but it gives little consideration to the engagement of entrepreneurs in philanthropy. Nevertheless, given the importance of the entrepreneurial habitus and cultural capital of entrepreneurial philanthropists it is assumed that principles of commercial investment will be relevant to their practice of philanthropy.

It is proposed that the key components employed in entrepreneurial philanthropy are the four capital forms as argued by Bourdieu (1986). These are the key drivers of production within society: economic, intellectual, social and symbolic capital. The capital forms form the bedrock of entrepreneurial philanthropy and the application of

capital theory will assist us to understand the process of entrepreneurial philanthropy at both a micro and macro level. Economic capital enables the entrepreneurs to engage in philanthropy in the first instance. Furthermore, as Bourdieu (1986) argues the abundance of economic capital facilitates the generation of the other key capital forms (Swartz, 1997). However, whether it is the most important capital in the practice of philanthropy remains to be seen. Rather, it is suggested that social capital which relates to family, networks and relationships (Maclean, Harvey and Press, 2006) is of real importance to the harnessing of future resources. The work of Coleman (1988) and Burt (1997) focuses specifically on the value of social capital and assists us to understand the centrality of this concept to the process of entrepreneurial philanthropy.

Coleman (1988) suggests that social capital exists through relations between people. Social capital is not a single entity but a variety of different entities, and is productive but not tangible as such.

*“The function identified by the concept of Social Capital is the value of these aspects of social structure to actors as resources that they can use to achieve their interests” (Coleman, 1988, p101)*

Coleman (1988) suggests that social capital represents an aid in making micro to macro transitions. This is where we can observe that as a function social capital is pivotal to the transcending of the individual from entrepreneur to philanthropist. As a function, social capital facilitates access to networks and individuals who themselves can add value to the process of entrepreneurial philanthropy. The development of social capital allows individual entrepreneurs to leverage the cultural capital, economic capital and symbolic capital of others. Burt (1997) argues that social capital is a quality created between people and he focuses on the consequence of social capital. Specifically, the return of social capital is dependent on the position of an individual in the social structure of a market or hierarchy too. Social capital is inextricably linked to opportunity as its specific function is to broker opportunities in a network (Burt, 1997). Entrepreneurs, through their accumulation of economic capital are well placed within the social structure of the market, although perhaps not to the same extent in the hierarchy of society, at least not initially, although this is

dependent on the extent to which the entrepreneur owns symbolic capital, in which case they may be very well placed within the hierarchy of society.

Entrepreneurs are in an advantageous position because of their capital wealth (Anheier, Gerhards and Romo, 1995) and business experience, to generate and accumulate social capital to further their philanthropic endeavours. However, they must overcome challenges to become an insider and gain acceptance in networks and groups that have typically considered individuals from the commercial realm as outsiders in the philanthropy sector (Laird, 2006). A tangible example of the opportunity laden value of social capital is evident in the philanthropy of the Scottish entrepreneurial philanthropist Sir Tom Hunter who, through his partnership with President Clinton and the subsequent development of the Clinton Hunter Development Initiative, is able to tap into the President's immensely diverse and valuable network. This network feeds directly into the philanthropic projects currently being developed in Rwanda and Malawi. These networks would otherwise be highly challenging for an unknown Scottish entrepreneurial philanthropist. (*Financial Times*, 7<sup>th</sup> December 2006). The function of social capital in this context is making shortcuts to people and networks that help Sir Tom Hunter to conduct his vision of social change.

This leads us to question how an unknown Scottish entrepreneur beginning to engage in philanthropy comes to be associated with an individual of such stature as former President Clinton – someone clearly located in the field of power. The capital wealth of the entrepreneurial philanthropist in question plays an integral role in brokering an opportunity. However, is brokering such an opportunity enough to facilitate the development of that new association into social capital? Laird (2006) argues that individuals are required to portray their intelligence, integrity, and energy in order to fully shine and be regarded as a comfortable new entry by gatekeepers of networks. Furthermore, factors such as etiquette, mannerisms, language and humour all play a part in whether others perceive individuals of being a valuable addition to a new network and whether social capital can be an outcome (Laird, 2006). Therefore, the reputation of an individual is a factor that plays into the process of gaining entry into networks and this is represented by the ownership of symbolic capital. It is suggested that like the other capital forms symbolic capital is regenerative, and facilitates the

accumulation of further capital wealth for the entrepreneurial philanthropist. By itself, symbolic capital fosters opportunities, certain names open doors that otherwise would be left closed. This is illustrated by the Hunter Clinton association.

*“Partnering with President Clinton means we have been invited into these countries by their presidents, as guests and supporters of these countries. We call it Venture Philanthropy. We do see it as an investment. I don’t see it as giving money away — I’m a Scotsman, after all. We do want a return on our investment but it’s a different sort of return — in Africa the return is if we raise per capita GDP” ( Sir Tom Hunter, Financial Times, 7<sup>th</sup> December 2006)*

This quote suggests that the value of the Clinton association enables this entrepreneurial philanthropist to engage in the production of social change at a macro level within the given country. It is therefore of benefit to consider the process aspect of agency which is considered relevant here. Specifically, hyper-agents “construct images of where they think they are going, where they want to go and how they can get there from where they are at present” (Schervish, 2003, p.8). This construct is important as it maps out the process of capacity building, within which the concept of self-efficacy is considered as being crucial to producing a desired outcome.

Entrepreneurs are known to be high in levels of self-efficacy and in self-mastery (Krueger and Brazeal, 1994) and coupled with their experience and ambition these act to elevate them as wealth holders to the position of hyper-agent. Schervish (2003) articulates this clearly, “Wealth holders are uniquely endowed with material resources and cognitive dispositions that enable them, both as a group and as individuals, to fashion outcomes that they desire” (Schervish, 2003, p. 9). However, as illustrated in the given example of Sir Tom Hunter and President Clinton it is unrealistic to assume that entrepreneurial philanthropists single-handedly change the world around them (Schervish, 2003). Entrepreneurial philanthropists harness their capital wealth to engage with people across different fields, including leaders from academia, politics, medicine and business.

*“We can’t solve every world problem. Our approach, is to find the best in the world at dealing with the particular challenge we are facing and to create a framework- and then let them get on with it” (Sir Tom Hunter, Sunday Times Rich List, 2008).*

This quote emphasises the importance of social capital to the practice of entrepreneurial philanthropy. Entrepreneurial philanthropy is proposed in this thesis



to be centred on researching problems, accessing specialist knowledge and expertise, channelling such knowledge into innovative but realistic models of social and economic change that can in the long term be adopted by governments and implemented through changes in policy. Importantly, entrepreneurial philanthropists continue to leverage significant additional economic capital through the development of strategic partnerships.

The speciality of entrepreneurial philanthropists is their ability to transform their capital wealth to create opportunities and social change (Schervish, 2006). It is suggested that the critical component of entrepreneurial philanthropy is that the process itself is regenerative in terms of the capital forms employed in the process, not only for the entrepreneurial philanthropist but also for the associated social change agents who are integrated in the process, and importantly the ideological driver being to empower the end beneficiary. It is this factor that differentiates entrepreneurial philanthropy from other contemporary forms of philanthropy. It is this point where, in essence, this theoretical supposition departs from the arguments of Bourdieu and Gramsci who argue that the elite utilise their capital wealth to maintain their dominant position of power and the stratification of society.

### **2.7 Impact and cultural ramifications of entrepreneurial philanthropy**

Entrepreneurial philanthropy has a far and wide reaching effect, influencing the general populous who engage in their own forms of philanthropy. Entrepreneurial philanthropists have the potential to yield transformational power at individual, organisational and societal levels. At a mass level taste is reflected in the production of a societal cultural disposition towards entrepreneurship and philanthropy. It is illustrated in increased awareness of global problems and increased action by the collective masses to address global issues of social concern through advocacy, charitable support and volunteering. It can also be categorised as the 'trickle-down effect' where entrepreneurial philanthropists become the producers and the mass collective become the consumers of entrepreneurship and philanthropy.

This is in part a consequence of increased media attention of global social problems coupled with the high media profile that is adopted by some individual entrepreneurial philanthropists (Bill Gates, Pierre Omidyar, George Soros, Jeff Skoll

and Sir Tom Hunter). However, this is definitely not a favoured approach by all as many philanthropists are media shy and choose not to court media or public attention (Lloyd, 2004). Furthermore, it is not to say that those who do adopt a high media profile do so to “massage their own egos”. It may be that for some entrepreneurial philanthropists it is through a sense of duty that they convey the importance of wealth and philanthropy to the masses, in an evangelical way, to emphasise that wealth and philanthropy are inextricably bound together. In this respect contemporary entrepreneurial philanthropists (Sir Tom Hunter being a live example), build on the work of Andrew Carnegie (Harvey, Maclean, Gordon and Shaw 2011). They aim to educate wider society on the responsibilities of wealth (Bishop, 2008), a strategic philosophy that can manifest itself in many different ways both formally and informally. The traditional philanthropic institutions may therefore be affected by the new entrepreneurial philanthropists. For some time now there has been widespread criticism that traditional embedded foundations have largely failed to make an impact in the social change arena (Anheier and Leat, 2002; 2006). Specifically, that they do not use their unique role within civil society, separate from government and the private sector to produce change to address society’s most pressing social problems (Anheier and Leat, 2002).

*“It is simply that the world around philanthropy has changed, while philanthropy has not, holding on to the models, practices and culture of the past” (Anheier and Leat, 2002, p35).*

It may only be a matter of time before foundations are pushed to change in line with how the norms and expectations of society have changed over the last century (Powell and DiMaggio, 1991). The work of DiMaggio and Powell (1983) is of value to explore the homogeneity of the traditional foundations in the field of philanthropy. DiMaggio and Powell (1983) in their work ‘The Iron Cage’ present a theory of structuration, which acts to increase similarity within the organisational field. Specifically, the process of structuration has four key components which combine to the emergence of powerful forces and collaborate to produce similarity in the organisational field.

*“Interactivity in the field, structures of domination and patterns of coalition, an increase in information load of organisation and the development of*

*mutual awareness among participants in a set of organisations in a common enterprise” (DiMaggio and Powell, 1983, p.149).*

The structural changes achieved in organisations are less driven by competition and efficiency and more driven by processes that make them similar. Isomorphism is the term used by DiMaggio and Powell (1983) to capture the process of homogenization. This term assists us to understand why the traditional foundations in their broadly favoured forms of philanthropy, awarding short term grants in a piecemeal fashion, have largely failed to make their mark in creating social change in the twentieth century. In part, this enables us to consider factors other than wealth creation that have stimulated the new generation of philanthropists to diversify and may have worked to encourage entrepreneurial philanthropists to transfer the working mechanics of the commercial realm into the world of social change.

Isomorphism is “a constraining process that forces one unit in a population to resemble other units that face the same set of environmental conditions” (DiMaggio and Powell, 1983, p. 149). DiMaggio and Powell (1983) develop this significantly in their term Institutional Isomorphism.

*“Institutional Isomorphism considers that organisations must take into account other organisations as they compete not just for resources and customers, but for political power and institutional legitimacy, for social as well as economic fitness” (DiMaggio and Powell, 1983, p.149).*

This occurs primarily through the professionalisation of the bureaucratic hierarchy in traditional foundations and this sits in the normative aspect of isomorphism. The homogenisation of organisations stems from the professionalisation of the workforce, in the case of the embedded foundations, who are typically of middle to upper class origin, university educated and densely networked with their peers in the Non Profit Sector (Fisher, 1984). The work of DiMaggio and Powell (1983) adds value to considering the knock-on effects of entrepreneurial philanthropy specifically in relation to the established traditional foundations, and the social change makers who entrepreneurial foundations engage with. Firstly, the perceived impact of entrepreneurial philanthropists on the traditional foundations through ‘mimetic isomorphism’ is considered.

Mimetic isomorphism is when organisational change occurs through uncertainty in the surrounding environment. Considering the criticism that has been levied at

traditional endowed foundations over the last couple of decades where their autonomous role within society has been seriously questioned it is apparent that there has been societal pressure on foundations to justify their unique role within society (Anheier and Leat, 2002; 2006). In parallel with this criticism and associated pressure, the emerging entrepreneurial philanthropists are in receipt of significant media coverage of their attempt to bring about change in how the Non Profit Sector delivers and manages services to address social problems (Bishop and Green, 2008). The changes being applied to the social sector through the engagement of entrepreneurial philanthropists are associated mechanisms from the commercial world, like monitoring and evaluation and key performance indicators (Porter and Kramer, 2002; John, 2006). Interventions of this kind impact on the culture, practice and norms within the existing philanthropic arena, which adapts in order to meet the requirements of entrepreneurial philanthropy investment. This represents horizontal and vertical forms of pressure on traditional foundations to adjust their offering, models and practices as well as culture, in order to retain legitimacy within the philanthropic field. In effect, increasing the likelihood that traditional foundations will borrow techniques, styles and language from entrepreneurial philanthropists to be able to retain their unique and important role as an institution of social change within society.

The third and final form of institutional isomorphism espoused by DiMaggio and Powell (1983) is ‘coercive isomorphism’, which is best used to explore the changes in organisations that currently receive investment from entrepreneurial philanthropists. The term coercive in itself suggests pressure of an almost violent kind, yet in this context it is more of a subtle coercion.

*“Coercive Isomorphism results from both formal and informal pressures exerted on organisations by other organisations upon which they are dependent and by cultural expectations in the society within which organisations function. Such pressures may be felt as force, as persuasion, or as invitation to join in collusion” (DiMaggio and Powell, 1983, p.150).*

The organisations of social change agents work in partnership with the foundations of the entrepreneurial philanthropists, and the working relationship between these parties facilitates the organisation to develop, and/ or strengthen the culture of entrepreneurial philanthropy, as well as an entrepreneurial mindset by means of

embracing the cultural and work practices, norms and values of social change that are advocated by the entrepreneurial philanthropist. On a practical level this occurs by the social change agent, adopting techniques, practices and models that are invariably borrowed from the commercial realm.

The competitiveness between social change actors to secure investment from traditional and new philanthropists suggests that the trickle-down effect of entrepreneurial philanthropy is potentially far and wide reaching. It is suggested that the entrepreneurial habitus is reproduced and becomes firmly embedded in the field of philanthropy and beyond through the outcome of their endeavours. Thus the cultural ramifications of entrepreneurial philanthropy at a micro and macro level are substantial.

## **2.8 Conclusion**

The aim of the chapter was to synthesise existing knowledge on entrepreneurial philanthropy and to identify appropriate theoretical frameworks to guide this enquiry. Following the review of relevant literature a theoretical argument of entrepreneurial philanthropy has been proposed. Whilst existing theoretical perspectives have been applied in the field of philanthropy (Fisher, 1983; Karl and Katz, 1987; Anheier and Leat, 2002; 2004) it is a macro perspective that has been offered. This study adopts a perspective that incorporates horizontal and vertical integration of theory, which focuses on the individual entrepreneur at the micro level explaining the transition from entrepreneur to philanthropist, and considers the importance of this process at a macro, societal and cultural level. Capital theory (Bourdieu, 1986) and hyper-agency theory (Schervish, 2003; 2005) are presented as the theoretical lenses through which to explore the phenomenon of entrepreneurial philanthropy at both a micro and macro level. Empirically, we know very little about the phenomenon of contemporary entrepreneurial philanthropy. As such, there is real value to be gained through exploring the motivations, underlying principles, methods and projects of entrepreneurial philanthropy. In turn this will facilitate the development of an understanding of this phenomenon and ascertain its contribution to and impact on society. The remainder of this thesis will explore:

1. The individual entrepreneur and the factors that contribute to their engagement in philanthropy
2. The ideology and underpinning principles of entrepreneurial philanthropy
3. The practices of entrepreneurial philanthropy, and the transferability of practices from entrepreneurship to philanthropy
4. The types of capital that are actively deployed by entrepreneurial philanthropists to recipient organisations and its impact

## **CHAPTER 3: RESEARCH DESIGN AND METHODS**

### **3.1 Introduction**

This chapter introduces and explains the research approach employed in this exploratory research on entrepreneurial philanthropy. The critical issues that inform this enquiry are identified. The chapter opens with a discussion of the aims and objectives of the study to explore entrepreneurial philanthropy in the contemporary context. This is followed by consideration of the philosophical assumptions and conceptual issues underpinning the research, and the selection of an interpretivist paradigm is justified. The discussion is developed further by introducing the research strategy employed by the researcher and the reasons given for the development of case studies as the principle means of gathering, organising and analysing data. The appropriateness of the qualitative approach adopted is considered and set against the drawbacks and limitations. This is followed by elaborating on the research design and the methods employed. The chapter concludes by summarising the key underlying rationale for the study.

### **3.2 The research aims and objectives**

#### ***3.2.1 Research aims***

The aims and objectives of the research are to focus on exploring four distinct areas of entrepreneurial philanthropy that when combined enable us to develop an informed understanding of the phenomenon. Firstly, the motivation of successful, wealthy entrepreneurs to become engaged in philanthropy is explored. Why do such individuals become engaged in philanthropy post wealth creation? What are the factors influencing an entrepreneur's transition to philanthropist? Secondly, the research asks what are the underpinning beliefs and values of entrepreneurial philanthropists. Thirdly, the research explores the practice of entrepreneurial philanthropy. Specifically, how do entrepreneurs practice their philanthropy? To what extent do the practices of entrepreneurship inform the entrepreneur's philanthropic activities? How do entrepreneurs employ their knowledge, skills and experience from business in their philanthropic activities? What other factors influence how entrepreneurs practice philanthropy? Fourthly, the research seeks to understand how entrepreneurial philanthropists deploy different forms of capital in

their philanthropy. More specifically, the study explores to what extent entrepreneurial philanthropists deploy economic, cultural, social and symbolic capital in the projects and organisations that are the focus of their philanthropic activities. These questions are illustrated in relation to their constructs in Table 3.1.

**Table 3.1: Constructs of research questions**

Notion of Question	Constructs of the question
<b>Why</b>	<ul style="list-style-type: none"> <li>- Motivation Factors</li> <li>- Family Background</li> <li>- Wealth Creation through entrepreneurial career</li> <li>- Critical Incidents</li> </ul>
<b>What</b>	<ul style="list-style-type: none"> <li>- Individual Values</li> <li>- Individual Beliefs</li> <li>- Ideology Formation</li> <li>- Relationship to Entrepreneurship</li> </ul>
<b>How</b>	<ul style="list-style-type: none"> <li>- Ad-hoc and Formal processes</li> <li>- Organisation Structure</li> <li>- Mix of resources applied (economic, social, cultural, symbolic)</li> <li>- Partnerships</li> </ul>

Individually and collectively, these questions flow from the general aim of the research, which is to develop a provisional understanding of the phenomenon of entrepreneurial philanthropy. Therefore, this research is exploratory in nature and aims to develop new knowledge and understanding of the individual (entrepreneurial philanthropist), their motivations to engage in philanthropy, the underpinning ideology of entrepreneurial philanthropy and how they conduct their philanthropic activities. This is conducted by examining the individual (entrepreneurial philanthropist) and the formal institution (the foundation), which is created to manage the entrepreneur’s philanthropic activities.

### ***3.2.2 The distinctiveness of the research***

The research has a number of distinctive dimensions that stem primarily from the nature of the subject and the fact that entrepreneurs are not a homogeneous group of individuals (Bygrave, 1989). In consideration of this, the study has adopted a research strategy, design and methods which capture the individualistic nature of this phenomenon as well as the common characteristics of entrepreneurial philanthropy. The evolving nature of the phenomenon within the broader landscape of entrepreneurship suggests that there may be certain idiosyncrasies associated with entrepreneurial philanthropy. In accounting for such idiosyncrasies, the exploratory



and interpretivist nature of this research is well suited to the subject and its evolving nature. The field of entrepreneurship is a relatively young field in academic research, and as such there is diversity in theory and definitions. There are considerable methodological challenges in investigating phenomena in the field of entrepreneurship, as has been identified and discussed by a number of leading academics (Bygrave, 1989, Davidsson and Wiklund, 2001; Gartner, 1989). Bygrave (1989) in his seminal paper on methodological considerations in entrepreneurship argued that researchers in the field should be independent, should be less concerned on statistical analyses, and should focus on collecting and analysing data that is derived from the field. This was further developed by Davidsson and Wiklund (2001) who argued that it is important that a researcher articulates and defends the analysis that is used in research and how the data has been collected, specifically, to demonstrate impact and reliability. Therefore, there is a clear acknowledgement within the field of entrepreneurship that there is need to identify, position and apply both analytically and conceptually philosophical assumptions as a mechanism to guide the direction of the research. It is these issues that the next section of this chapter purposefully discusses more generally, and also specifically in the context of this research.

### **3.3 Philosophical assumptions and conceptual issues**

This section focuses on a number of philosophical issues that are considered to be fundamental to undertaking research and considers research paradigms, ontological and epistemological perspectives. This section begins with a discussion on research paradigms, after which the ontological and epistemological positions that have been adopted by the researcher will be introduced and discussed. Importantly, the location of any research within a philosophical paradigm is influential to how research progresses and the methods that are adopted to conduct the research enquiry.

#### ***3.3.1 Philosophical research paradigms***

A research paradigm can be described as the belief systems that contain the core assumptions in which specific research communities are grounded. Kuhn (1970) argues that research paradigms are the foundations of ontological perspectives (how reality is viewed and constituted) and epistemological perspectives (how we can

acquire knowledge about reality) that are adopted by the researcher. It follows that the research paradigm is immensely influential in how a research discipline is formed and developed by its community. This is further supported by Guba and Lincoln (1994) who suggest that questions of paradigm must come before questions of method. Specifically, these authors argue that this is because a research paradigm is the system of core beliefs that direct the researcher to the most appropriate methods that can be used to conduct their research. Importantly, these stem from the researcher's individual ontological and epistemological position. Therefore, developing an appropriate research methodology is an evolving process simply because it is related to the underpinning beliefs of the individual researcher. Importantly, such beliefs inform how reality is viewed and how the individual researcher considers knowledge to be generated from reality.

Selecting a paradigm that sits easily within a research approach is a subjective matter but this is not necessarily unproblematic given the choices available. There are four paradigms as espoused by Guba and Lincoln (1994): 'positivism'; 'post-positivism'; 'critical theory' and 'constructionism', the latter is also referred to as 'social constructionism' or 'interpretivism' by Easterby Smith *et al.* (2003). Research can be located within any of these paradigms. However, it is important to consider that the researcher is central to the philosophical paradigm in which the research is located. Therefore, the researcher can choose from a plurality of paradigms that span from positivism to social constructionism. It is therefore useful to explore in more depth two specific philosophical paradigms that are at polar ends of the continuum, positivism and social constructionism.

Positivism presents an externally existing social world whose properties can be measured objectively as opposed to subjectively (Easterby Smith *et al.*, 2003). Hence, reality is external to the researcher and can be objectively measured. Easterby Smith *et al.* (2003) suggest there are eight specific implications for assuming a positivist philosophical research stance. First, the researcher is independent of what is being studied. Second, beliefs and interests are secondary to the objective criteria that directs what can be studied and how. Third, causal explanations can be sought to explain commonalities in human and social behaviour. Fourth, hypothesis and deduction are necessary. Fifth, quantitative measurement enables facts to be

determined. Sixth, simplifying problems enables the development of a more complete understanding of the subject to be developed. Seventh, generalisation requires sufficiently large samples from which to draw conclusions from the findings. Finally, cross-analysis is valuable so as to determine regularities and repeat patterns across multiple samples.

Social scientists have questioned over the years the validity of the positivist philosophical position suggesting that positivism has become an out-dated perspective. This has facilitated the introduction of new and different paradigms, with some social scientists arguing that an independent and creative approach to research is required (Easterby Smith et al., 2003). Such an approach argues that reality and meaning is viewed as being socially constructed by people as opposed to the positivistic belief that reality is external and objective to humans. Fundamentally, within a social constructionist paradigm people make sense of the world through their interactions with each other. Hence, there is no truly independent world since reality is a product of an individual's perspective and is consequently subjective, because it is influenced by human nature and interaction (Lincoln and Guba, 2000). Within this philosophical paradigm the researcher is tasked with ascertaining patterns and nuances, whilst considering the way that human interaction influences what is observed and the meaning attached to reality (Mir and Watson, 2000). Understanding the nuances within an environment becomes a fundamental approach within the social constructionist paradigm (Gioia and Pitre, 1990).

Similar to the presentation of implications of adopting a positivist philosophical stance, Easterby Smith *et al.* (2003) also present the implications of adopting a social constructionist philosophical stance which are useful to consider in exploring the differences between these paradigms. First the researcher is part of what is observed. Second it is the interests of human beings that are a driving force of knowledge creation. Third through developing explanations of reality the researcher can generate a more rounded understanding of reality. Fourth, the collation of rich data facilitates ideas to be inductively created. Fifth, multiple perspectives are important in determining reality. Sixth, the complexity of whole situations is important to developing an understanding of reality. Finally, generalisation is relevant to

‘theoretical abstraction’, and sampling requires small numbers of cases that are selected for specific reasons.

Drawing from this discussion, it becomes apparent that there are substantial implications following the selection of a research paradigm by the researcher. The differences between the positivist and social constructionist paradigms illustrate the plurality of philosophical approaches in social science research. Such plurality can be attributed to the complex environment within which social science research is located, and which is derived from the different philosophical stances of individual researchers. Each specific philosophical paradigm has its place within a research environment in furthering the knowledge and understanding of phenomena. Clearly these considerations influence the ontological and epistemological positions of a study. The selection of a research paradigm is informed by the researcher’s beliefs and values and his/her view of reality, as well as the nature of the research question. Considering these issues from the perspective of an independent researcher, an exploratory study of entrepreneurial philanthropy lends itself more towards the social constructionist paradigm. This is related to the following:

1. Contemporary entrepreneurial philanthropy is relatively understudied and thus there is limited knowledge about the phenomenon.
2. The limitation of prior research suggests that it cannot be assumed that there is an objective reality which can be measured objectively.
3. The idiosyncratic nature of entrepreneurial philanthropists supports a subjective view of reality as attention is required to how reality is constructed by such individuals.

On these grounds an interpretivist approach is more appropriate for this study and this choice of paradigm is in alignment with the researcher’s view of reality (Cope 2005).

### ***3.3.2 Ontological and epistemological perspectives***

The ontological and epistemological perspectives of the researcher are fundamental to how research is approached and undertaken (Cope, 2005; Burrell and Morgan, 1979). However, before these are discussed more specifically a general discussion of

ontology and epistemology is elaborated. In this way, the philosophical landscape in the context of this study is set before introducing the chosen stance of the researcher.

The ontological perspective of the researcher relates to how reality is considered to be constituted. This is articulated as being a “set of assumptions that we make about the nature of reality” (Easterby Smith *et al.*, 2003; p31). The epistemological perspective of the researcher is a broad set of beliefs about how knowledge is acquired. More specifically, this is expressed as a “general set of assumptions about the best ways of inquiring into the nature of the world” (Easterby Smith *et al.*, 2003; p31). The positivistic approach to ontology is objective and the facts and the truth are viewed as being fixed and truth established by the association: “between observation and phenomena” (Easterby Smith *et al.*, 2003, p33). Primarily, this approach is taken because it rests on the core beliefs that reality is external and objective. Therefore, an independent reality is observed and can be explained through the empirical observations and experiments that are offered by a positivistic approach to research. These lend themselves towards the generalisation of fundamental laws and occurrences that are representative across and over time.

This is in contrast to the social constructionist approach to ontology which is different; reality is viewed by social constructionists as subjective and not fixed. Social constructionism is based on the premise that there is no unique or independent reality, because it is socially constructed through human interaction and meaning and is therefore subjective. Guba and Lincoln (1994) argue that, “Realities are apprehendable in the form of multiple mental constructions, socially and experimentally based, local and specific in nature (although elements are often shared among many individuals and even across cultures), and dependent for their form and content on the individual persons or groups holding the constructions. Constructions are not more or less true, in any absolute sense, but simply more or less informed and/or sophisticated” (Guba and Lincoln, 1994; p. 111). Schwandt (1994) argued that “particular actors in particular places, at particular times fashion meaning out of events and phenomenon through prolonged, complex processes of social interaction involving history, language and action” (Schwandt, 1994; p. 118).

Therefore, a subjective reality can be explained by collection of deep descriptive data where ideas can be induced and a broad understanding of the phenomenon can be constructed. These lend themselves to theoretical abstraction where human interest is accounted.

Epistemology is the individual's view of how knowledge can be generated and/ or accessed about reality (Easterby Smith *et al.*, 2003). Epistemology is the way that researchers inquire into reality. The term refers to how knowledge is created between the researcher and the subject and the multifaceted association between them (Denzin and Lincoln, 1994). Similar to the way that ontological perspectives and paradigms are located on a philosophical continuum, so too is epistemology. In the epistemological debate, empiricism and rationalism are the two dominant approaches (Benton and Craib, 2001). In a similar way to the ontological debate on objectivity and subjectivity, the debate of epistemology is also centred on the premises of objectivity and subjectivity. Positivists place emphasis on quantitative methods; hypotheses verification (Lincoln and Guba, 2000) and the use of large samples (Easterby-Smith *et al.*, 2001). This supports the identification of causal regularities, tests are also favoured and applied in order to predict and to control within a study (Gioia and Pitre, 1990). However, social constructionists place emphasis on interpretivist; hermeneutic and dialectic (Lincoln and Guba, 2000) techniques and often use small samples which are investigated over time (Easterby-Smith *et al.*, 2001) This enables the researcher to make sense of a phenomenon through developing explanations and an understanding of what is being investigated. Considering these factors, the epistemological and ontological perspectives adopted within this study are positioned in social constructionism.

### **3.4 Philosophical Assumptions**

The discussion on the extant discourse on philosophical considerations of research has highlighted issues pertinent to a researcher in conducting research and on this basis the approach adopted in this study is as follows:

1. The interpretivist position adopted by the researcher is justifiable as it acknowledges that reality is accessed indirectly through others and it is

necessary to access different viewpoints in order to develop an accurate reflection of reality (Easterby Smith et al., 2003).

2. The adopted position of this study is appropriate as the aims of the research are to develop an understanding of a complex overall situation, where experiences are different to individual entrepreneurial philanthropists, and as such are interpreted differently by each of them. In this way the researcher is able to adopt a critical perspective regarding what constitutes truth. This is because there is an element of subjectivity related to the multiple viewpoints that are required to investigate this phenomenon. The researcher acknowledges that what is considered to be reality is different to each individual and thus “the permanence and priority of the real world of first-person, is a subjective experience” (Schwandt, 1994; p. 119).
3. The researcher accepts that observation and how humans make sense of such observations are linked and are not easily separable. Interpretation stems from observing, and so both concepts are very much integral to one another.

The researcher agrees with a variety of learning theorists (Sadler-Smith, 1999; Marsick and Watkins, 1990) who maintain that learning (the creation of knowledge and understanding) occurs through a process of sense making. The sense making process is relative to how an individual understands reality through developing a range of models, frames of references and schema as to their lived experiences. Schwandt (1994) argued that simply knowing does not necessitate understanding; it is how an individual processes knowledge that facilitates a level of understanding by forming abstractions and concepts.

In adopting this position, the study was designed to collect and collate data from multiple perspectives. This provides a rich and informative range of primary and secondary data that allows for the induction of ideas as well as a theoretical abstraction of reality. The chosen research strategy will be discussed in more detail in the following section.

### **3.5 Research strategy: Moving from assumptions to methods**

Moving on from the underlying assumptions of this study, this section focuses on the development of a research strategy to address the relevant research questions,

followed by a section that justifies the adoption of appropriate methods. The study has adopted a case study research strategy, which has been employed in accordance with the work of Yin (1994), and further informed by the work of Eisenhardt (1989), Stake (2000) and Perren and Ram (2004). This approach is the most appropriate strategy in conducting an exploratory study that focuses on the individual, the organisation and the process based elements of entrepreneurial philanthropy. Qualitative methods were employed to collect primary data, while secondary data were also utilized and incorporated in the analysis. These methodological choices are discussed in more depth in the following sections.

### ***3.5.1 Case study research strategy***

The study has adopted a multiple case study approach within the case study research strategy (in accordance with Yin, 1994), and is further supported by both Eisenhardt (1989 a) and Stake (2000) who argue that a single case study or multiple case study approach is acceptable. The multiple case study approach is favoured primarily because of the under development of discourse on entrepreneurial philanthropy and is considerate of the complex environment within which it is located. The study seeks to disentangle the mystique of entrepreneurial philanthropy through multiple case studies that include multiple data sources, which is achieved by exploring and unravelling multiple experiences of entrepreneurial philanthropy. This occurs in the study through multiple levels of analysis of the individual, the organisation and the process, as a means to uncover emergent patterns, similarities, differences, continuities and discontinuities of the phenomenon.

A case study is perhaps best described by Yin (1994) as “an empirical enquiry that investigates a contemporary phenomenon within its real –life context, especially when the boundaries between the phenomenon and context are not clearly evident; it copes with the technically distinctive situation in which there will be many more variables of interest than data points; and as one result relies on multiple sources of evidence” (Yin, 94, p. 13). Developing this further Yin (1994) suggests that a research case study strategy is particularly appropriate when the research study is exploratory in nature (Yin, 1994; pp. 4-5). As such, a case study research strategy is



valuable in organising the complete set of data collated, and importantly, as a method to incorporate multiple perspectives.

A case study research strategy is particularly suitable to answering the why and how questions of a study in the domain of entrepreneurship (Yin, 1994). As has been previously discussed, the why and how questions form the basis of this exploratory research of the phenomenon of entrepreneurial philanthropy (see Table 3.1). There have been calls for more integration of why and how questions in the field of entrepreneurship research (Ucbasaran et al., 2001; Ireland *et al.*, 2005) and this research is in alignment with these calls. Eisenhardt (1989) argues that a case study research strategy is a beneficial analytical tool in developing theory. Although this research does not attempt to develop new theory, it does aim to extend existing theory through the subject of entrepreneurial philanthropy. A research strategy, case study lends itself to the development of focussed, micro and macro observations of a particular environment and enables the researcher to gain proximity to the phenomenon (Yin, 1994). This aligns with the call of Zahra (2007) for the need to contextualise entrepreneurship research so as to develop a better understanding of its complexity. Furthermore, Stake (2000) suggests that the case study is a useful tool for identifying the specifics of a research enquiry. On consideration of these factors the case study research strategy is the most appropriate research strategy for investigating the research questions of this study.

The choice of this research design is not made without considering its limitations. A case study research strategy does not allow for generalisation to the population to occur (Stake, 2000), enhanced by the lack of a simplistic overall perspective by the cases (Eisenhardt, 1989; Eisenhardt and Graebner, 2007). Yin (1994) suggests that it is difficult to prevent biased views and evidence being used in a case study, which can then impact on and influence the overall research findings. Following on from these comments there are clear challenges of adopting a case study research strategy. However, considering such challenges is best approached within the research framework and the thinking of Easton (1998) who suggests that it is through the epistemological position adopted by the researcher, and the researcher's ability to extract the complex nature of reality by interpreting and making sense of a phenomenon that helps to counter balance such challenges and criticisms.

### ***3.5.2 Adopting a qualitative research enquiry: Advantages and disadvantages***

The study has opted to employ qualitative research methods to collect, collate and analyse the data required to address the research questions. This follows Stake (2000) and Easton (2003) who both suggest that qualitative research is most commonly associated with a case study research strategy. Patton (2002) suggests that qualitative research facilitates the development of an understanding of different perspectives. Considering the relative newness of the field of entrepreneurship research and the quantitative research methods which have primarily dominated the field (Hindle, 2004), there have been calls for more qualitative methods to be integrated into entrepreneurship research, as voiced by Bygrave (1989), Savage and Black (1995) and Gartner and Birley, (2002). This is also echoed in the philanthropic discourse by Taylor (2010). Hence, the adoption of qualitative methods in this specific study responds to these calls within the wider academic discourse.

There are a number of advantages in adopting a qualitative approach:

- a) Qualitative research incorporates a range of different interpretivist techniques (Denzin and Lincoln, 2005) that in the framework of an exploratory study can add value to the researcher in attempting to develop an understanding of a phenomenon.
- b) In direct reference to the adopted ontological and epistemological positioning of the study, qualitative research is acceptable within the boundaries of an Interpretivist paradigm (although it is not restricted to a specific individual paradigm, Denzin and Lincoln, 2005).
- c) Qualitative research does not favour a specific ‘methodological practice’ over another; therefore, the range of methods that a qualitative researcher can apply in their research is substantial. In developing this point further, Denzin and Lincoln (2005) emphasise that multiple philosophical paradigms use qualitative research strategies and methods.

Qualitative research is the correct approach to explore the phenomenon of entrepreneurial philanthropy as it enables the researcher to access multiple interpretative techniques to draw out the multi-faceted and complex aspects of this phenomenon. In the specific context of entrepreneurial philanthropy where there are

multiple actors in the environment in which it takes place. It is necessary to access multiple perspectives in order to understand the phenomenon. This required multiple data sources from within the case studies and includes interviews with the philanthropist, the chief executive of the foundation, core workers within the foundation and the recipients of philanthropy. Furthermore, the qualitative research approach enables the influence of each individual's perceptions in their account of the phenomenon (Patton, 2002), and it enables the researcher to cast widely in exploring the different factors which contribute to the phenomenon.

Nevertheless, there are a number of criticisms of qualitative research. One of the main criticisms levied relates to the quality, reliability and credibility of this approach. Patton (2002) suggests that there are three main considerations that a researcher should keep to the fore when conducting qualitative research: a) the application of rigorous methods to conduct the data collation; b) researchers require credibility in the field therefore presentation of self, experience and training are important to how the researcher is perceived and received in the field; and c) the philosophical underpinnings of the research are critical in determining and satisfying the nature of inductive, analytical qualitative research. Following non-standard practices in the analysis of qualitative data has resulted in criticism, and has led Miles and Huberman (1994) to stress that researchers need to approach data collection and analysis with rigour. Another criticism levied at qualitative research is the subjective interpretation of the data by the researcher (Easterby Smith *et al.*, 2003).

However, even though there are criticisms and disadvantages to adopting a qualitative research approach the flexibility that this approach allows in exploring the phenomenon of entrepreneurial philanthropy supersedes the criticisms. Qualitative research, when applied within a rigorous framework of data collection techniques and analysis is a valid approach to adopt. In order to address the above mentioned limitations of a qualitative inquiry, the technique of triangulation was employed. There are four types of triangulation as argued by Denzin (1970): a) investigator triangulation (where there are multiple investigators), b) theory triangulation (where more than one theoretical lens is used to interpret data), c) methodological triangulation (where more than one method is adopted within or across specific

research approaches), and d) multiple triangulation (which is a combination of the fore-mentioned types of triangulation). Importantly, triangulation allows the researcher to overcome biases of qualitative research and weaknesses that are associated with it (Stake, 2000). Triangulation is also applicable to quantitative research that seeks to validate results. Stake (2000) suggests that the implementation of triangulation procedures aids the development of an understanding of the phenomenon because of the multiple sources, observations and/or theories that can be utilised in making sense of the phenomenon.

Considering the exploratory nature of this study a number of procedures to address issues surrounding reliability and validity have been employed. Firstly, the triangulation of data has been adopted. The data collection techniques adopted in this exploratory study include collecting data from a range of sources (primary and secondary), as a mechanism to account for multiple perspectives and interpretations to enable the researcher to develop a critical understanding of the phenomenon. Primary data comes from conducting interviews with individuals of three different levels and roles within the philanthropic foundation: a) the philanthropist, b) the chief executive and the core team members of the foundation; and c) the recipients of philanthropy. The foundation specific interviews are supplemented with internal documents from both the foundation and the recipient organisation. Furthermore, interviews have been conducted with individuals from the landscape of philanthropy to elicit further contextual information on the macro environment of entrepreneurial philanthropy.

Methodological triangulation was also employed. This relates to the adoption of a multiple- case research strategy as well as *ad hoc* interviews conducted with other key individuals in the field of philanthropy. However, theoretical triangulation has not been used as only two theoretical lenses have been applied in this framework (Capital Theory and Hyper-Agency Theory). The methodological issues and other pertinent issues relating to this study will be discussed in more depth in the following section which considers the research design and methods of this study.

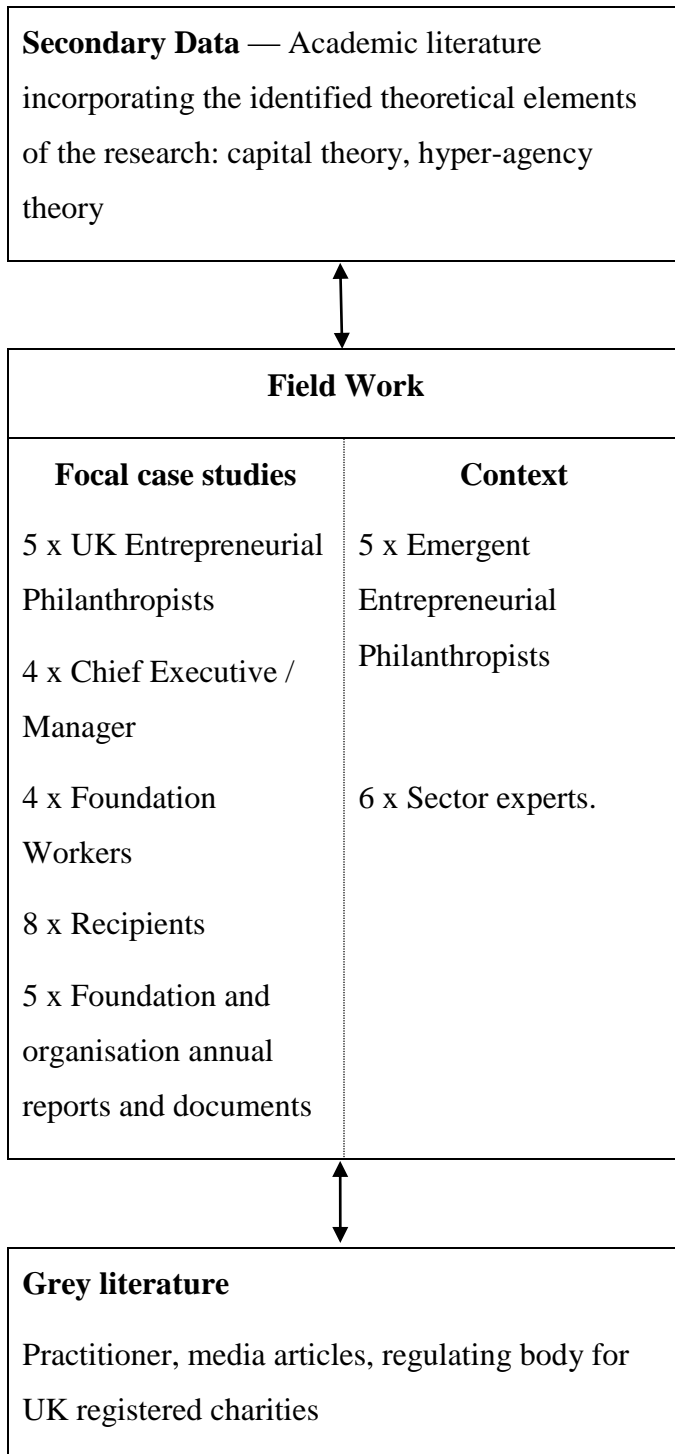
### **3.6 Research design and methods**

This section outlines and discusses the research design and methods adopted in this study, and will discuss the following issues to be considered in order to increase the credibility of the enquiry (Patton, 2002):

1. The sampling strategy adopted
2. The types of data that have been collated and used in the study
3. Actions undertaken by the researcher in order to prepare for interviews
4. The process of data analysis
5. The logistical and ethical issues related to this research
6. The quality of the enquiry

The overall research design represents the process which has been applied by the researcher in undertaking the study as a mechanism to ensure that the research findings are credible. It is to ensure that a suitable structure for using a qualitative research inquiry is in place. This is reflective of Miles and Huberman's (1994) call for qualitative researchers to be more open and explicit in their choice of research design, as a mechanism to justify and defend their research approach, data collection and data analysis. The research is iterative in nature and there has been dialogue between the primary data, the secondary data and grey literature as illustrated in Figure 3.1.

**Figure 3.1: Research design: An iterative approach**



### ***3.6.1 Sampling strategy***

The sampling strategy undertaken in this research is purposeful and is not random (Creswell, 1998; Eisenhardt, 1989; Yin, 1994). The unit of analysis is the

entrepreneurial philanthropist, their formal institution of philanthropy (the foundation) and the recipient organisation. These three parties (the philanthropist, the foundation and the recipient) constitute each case. This study is based upon five focal, in depth case studies. The foundations are all located within the U.K, although the focus of their philanthropic activities is predominantly international and primarily concentrated in the African continent. The philanthropists who form the focus of each case study are all high net worth entrepreneurs whose personal net worth ranges from £60 million to £1 billion (in 2008). These philanthropists have all established a foundation through which to manage their philanthropy and employ a small core team to manage their philanthropic activities.

The criteria through which these five cases were identified as being appropriate for inclusion in the research are as follows:

1. The five individuals, around whom the case studies were built, are classified as being an entrepreneur; that is someone who has created an entrepreneurial venture and subsequently created their own personal wealth.
2. The individual must have a formal vehicle of philanthropy (namely a foundation) to manage their philanthropic activities. The foundation should have existed for a minimum of three years in order for there to be an established portfolio of philanthropic activity to research.
3. For each case, the entrepreneurial philanthropist needed to be involved in philanthropic activities which a) had attracted significant media attention in order to capture how the media had historically approached these philanthropists, and/ or b) had the potential for a significant impact in the countries they were active in.

Therefore, the sampling strategy is very clear which led to the identification of five case studies, whose summaries can be found at Appendix 10.5. The research is exploring the philanthropic activities of a specific category of individual, that is, entrepreneurs who have amassed significant levels of personal wealth and who have an established philanthropic foundation.

Patton (2002) suggests that the strength of purposeful sampling lies in the opportunity for the researcher to select cases that are informatively rich. This enables

the researcher to develop an in-depth understanding of the phenomenon, which is in keeping with the exploratory nature of this study. Stake (2000) suggests that developing a sampling strategy strengthens the rationale for case selection within a case study research strategy. The process that was followed is as follows:

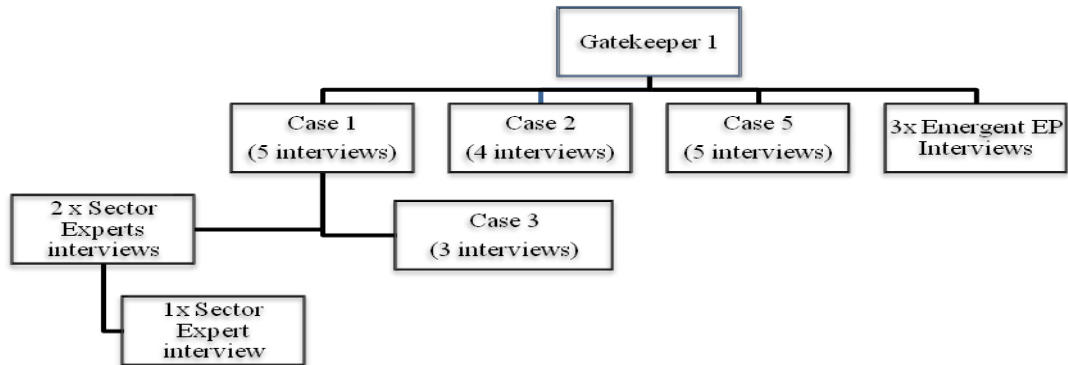
1. Based on secondary data (Sunday Times Rich List and Giving Index) and in consultation with gatekeepers a pool of potential entrepreneurial philanthropists were identified.
2. Applying the selection criteria the emergent entrepreneurial philanthropists were eliminated and four of the five focal cases emerged.
3. With four cases identified further negotiations took place with the gatekeepers to gain access. Given the elite nature of this high net worth group of entrepreneurs, it was necessary to use two gatekeepers to broker introductions and to negotiate access to each individual entrepreneurial philanthropist. In particular, one main gatekeeper negotiated access to three of the five case study subjects. Subsequently, a snowball effect resulted as one of these three case study subjects negotiated access to what became the fifth case study). The second gatekeeper negotiated access to one of the original four case studies that were identified.
4. Initial contact with subjects was made through the gatekeeper via email, whom the researcher provided with a short paragraph of information that set the context of the research study. On receiving a positive response from potential subjects the gatekeeper replied to the entrepreneurial philanthropist copying the researcher into their response. After this point, the researcher took over handling of communication with the individual and arranged to conduct the interview and at the same time negotiating access to the chief executive of their foundation and other core foundation workers considered to be of value to the research. Importantly, access was also negotiated to the recipient organisations which receive philanthropic capital from each foundation to complete the data set required to build a case study.

Through the main gatekeeper a total of 23 interviews were secured both directly and indirectly (as there was a snowball effect from Case 1). The second independent gatekeeper negotiated access to the fifth case study and another subject in the

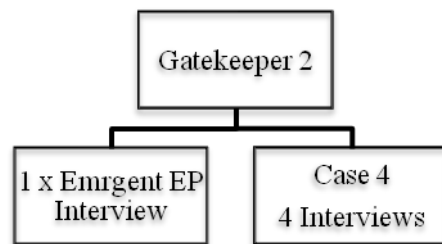


secondary *ad hoc* interviews, which yielded a total of 5 interviews. The remaining interviews were conducted without the assistance of a gatekeeper. Figures 3.2 and 3.3 capture the relationship between the gatekeepers and the production of the purposeful sample.

**Figure 3.2: Yield of gatekeeper1**



**Figure 3.3: Yield of gatekeeper 2**



The use of gatekeepers gave credibility to the researcher to conduct research with an elite group. Although the sample was purposeful, it was also tied to the ability of the main gatekeeper to access specific individuals who met with the study's criteria. Therefore, there was also an element of serendipity in determining the individuals who would eventually become part of the sample. This is important, as the fifth case study (referred to as Case 3) emerged through a snow ball effect and was brokered through the entrepreneurial philanthropist of Case 1. The introduction of a fifth focal case study was opportune in nature. It presented an opportunity to incorporate a high profile entrepreneurial foundation founded jointly by a husband and wife both of who categorise themselves as the entrepreneurial philanthropic team behind the foundation.

Yin (1994) suggests the number of cases within a sample is a matter of discretion for the researcher. The researcher exercised judgement to decide on the number of cases required to provide the study with the necessary number to allow replication, but also to allow for the peculiarities of each case to emerge. This yielded an appropriate level of data to unravel the complexity of the phenomenon being investigated. The specific design of the sampling strategy allowed the researcher to contextualise the phenomenon within and out with the organisation, importantly enabling the researcher to triangulate informants.

### ***3.6.2 Primary and secondary data collection***

In each case study primary data was collected principally using face to face interviews conducted with the entrepreneurial philanthropist, the chief executive of his foundation, other individuals from within the foundation and the recipient organisations of philanthropy. In some cases interviews were conducted via telephone where it was not possible to conduct the interview face to face. In total, 32 interviews were conducted through using a semi –structured interview schedule that was tailored to each interviewee category and these are listed in Tables 3.2 and 3.3.

**Table 3.2: List of interviews conducted in focal cases**

<b>Case Study</b>	<b>Fieldwork</b>	<b>Code Name</b>	<b>Location</b>
<b>Case 1</b>	1 x Entrepreneurial Philanthropist	EP, Case 1	Glasgow
	1 x Chief Executive	CE, Case 1	Glasgow
	1 x Foundation Worker	FW, Case 1	Glasgow
	1x Recipient A	Recipient A, Case 1	Telephone Interview
	1 x Recipient B	Recipient B, Case 1	Glasgow
<b>Case 2</b>	1 x Entrepreneurial Philanthropist	EP, Case 2	Glasgow
	1 x Foundation Director	CE, Case 2	Glasgow
	1 x Foundation Worker	FW, Case 2	Glasgow
	1 x Recipient A	Recipient A, Case 2	Glasgow
<b>Case 3</b>	1 x Entrepreneurial Philanthropist and Chief Executive	EP, Case 3	London
	1 x Recipient A	Recipient A, Case3	London
	1 x Recipient B	Recipient B, Case 3	Telephone Interview (to India)
<b>Case 4</b>	1 x Entrepreneurial Philanthropist	EP, Case 4	London
	1 x Foundation Director	CE, Case 4	London
	1 x Foundation Worker	FW, Case 4	London
	1 x Recipient A	Recipient A, Case 4	Telephone Interview (to Ethiopia)
<b>Case 5</b>	1 x Entrepreneurial Philanthropist	EP, Case 5	London
	1 x Chief Executive Foundation	CE, Case 5	Edinburgh

1 x Foundation Worker	FW, Case 5	Edinburgh
1 x Recipient A	Recipient A, Case 5	Glasgow
1 x Recipient B	Recipient B, Case 5	Glasgow

**Table 3.3: List of interviews conducted with emerging entrepreneurial philanthropists and industry experts: Context**

Context	Field Work	Location
	1 x Emergent Entrepreneurial Philanthropist EEP:A	Glasgow
	1 x Emergent Entrepreneurial Philanthropist EEP:B	Glasgow
	1 x Emergent Entrepreneurial Philanthropist EEP:C	Edinburgh
	1 x Emergent Entrepreneurial Philanthropist EEP: D	Glasgow
	1 x Emergent Entrepreneurial Philanthropist EEP:E	Telephone Interview (Wales)
	1 x Global Sector Expert A (GSE)	Ayrshire
	1 x Sector Expert B	Telephone Interview ( London)
	1 x Sector Expert C	Telephone Interview ( London)
	1 x Sector Expert D	Glasgow
	1 x Sector Expert E	Glasgow
	1 x Independent Wealth Consultant	Telephone Interview ( Wales)

As illustrated in Table 3.3 in addition to the primary data collected for each case study, it was also collected from industry experts and emerging entrepreneurial philanthropists (entrepreneurs who had recently become involved in philanthropy with or without a formal foundation). The additional eleven interviews were valuable in developing an understanding of the positioning of entrepreneurial philanthropy in the philanthropic landscape. This was particularly important in developing an informed understanding of the wider context of the phenomenon.

In addition, field notes were taken during interviews recording observations made during the interview, the surroundings and non-verbal behaviour. Internal documents of each foundation<sup>4</sup> (including annual reports and investment memos and reports) and recipient organisation (quarterly reports and investment proposals) were also accessed and strengthened the range of data collated in this research.

Secondary data was also collected from a variety of documents. These include external public documents on the foundation and the recipient organisation, and other

<sup>4</sup> Internal documents from the foundation and recipient organisation are secondary data but regarded as being primary to the respective case studies. Therefore, there are two sources of secondary data collected. Secondary data can come from within an organisation, and can also be externally sourced through publicly available documents. Such as those accessed from the records lodged annually with the Charities Commission ( England ) and the Office of Scottish Charities Regulator ( Scotland)

papers in the public domain relative to the landscape of philanthropy. Secondary data was accessed from the public bodies that regulate charities within the UK, including the Charity Commission and the Office Scottish Charities Regulator. These bodies record the annual expenditure and income of foundations that are registered in the UK, and also record the general areas of expenditure. Further secondary sources of data were collected from professional and practitioner philanthropy publications. The annual publication of the Sunday Times Rich List including the Giving List was also used in the study.

### ***3.6.3 Conducting the interviews***

In preparation for the interviews the researcher developed a semi-structured interview schedule informed by the four key areas of the research as set out in appendix A. The decision to apply a semi-structured interview technique is based on the premise that it allows a range of themes and topics relevant to the research to be explored. More specifically, the themes of the interview schedule derive from the exploratory nature of the research questions of the study; the why, what and how questions as previously detailed. The open ended structure of the questions used in the interview facilitated the interviewees to engage in storytelling rather than answering closed questions. This approach was thought to be an appropriate mechanism to keep the interviewees engaged throughout the interview process.

The semi-structured interview schedule provided scope too for flexibility within a framework, and where appropriate to adapt questions during the interview depending on the responses of the interviewee. Each section of the interview schedule has a themed open ended question, and is followed by a number of prompt questions to help the researcher to probe the interviewee. Therefore, it is considered important for the researcher to be an active listener throughout the interview process. The duration of each of these interviews ranges between one hour and three and a half hours. The interviews were recorded and transcribed verbatim.

Across the focal case studies, 18 interviews were conducted face to face and 3 conducted by telephone. The telephone interviews were necessary due to the geographic distance of interviewees and scheduling constraints. A further 4 interviews were conducted by telephone with sector experts (the remaining face to

face) and this was a result of changes being made to the schedule of interviews. Although, telephone interviews may be considered impersonal and subject to criticism for poor structure in comparison to a face to face interview, they are not inferior (Lindlof and Taylor, 2002). The telephone interviewees were provided with a summary interview guide prior to the interview taking place (Rubin and Rubin, 2004). The interviews were recorded with the interviewees' permission and field notes were taken by the researcher during the interview. The interview recordings were processed in the same method as the face to face interviews and elicited rich data. Tables 3.2 and 3.3 presents the interviews conducted in the study and details those conducted by telephone.

A total of 21 interviews were undertaken across the five case studies and a further 11 additional interviews were undertaken with other individuals active in the field of philanthropy. A total of 32 interviews were undertaken; 344 pages of transcript were generated comprising over 177,000 words. This material elicited rich and informative data that once analysed facilitated the development of an understanding of the phenomenon of entrepreneurial philanthropy.

#### ***3.6.4 Data analysis***

Data analysis is centred on techniques, activities and processes that enable the researcher to organise, structure and interpret the data that has been collated (Marshall and Rossman, 2006). More specifically, in the study the focus was upon making empirical and theoretical analyses of the data (Van Maanen *et al.*, 2007). The analysis of data in this research study was an iterative process, beginning from the time of data collection and lasting through to the formal writing up stage of the research. This aligns with Charmaz (2006) who acknowledges that data analysis can begin from the time of interview. It is also in accordance with Miles and Huberman (1994) who suggest that data analysis of qualitative research is best undertaken from the early stages of data collection. Interweaving data collection and analysis allowed the researcher to make sense of the data. This occurred by identifying themes and patterns across the data set early in the research process. The data analysis was an ongoing iterative process that became more structured and organised through the

employment of Nvivo qualitative research organisational software tool. The process of data analysis is best explained in the following four stages:

1. 1st phase: After each interview was conducted, the researcher undertook the transcription of that interview in a timely manner and in close proximity to it being held. Each recorded interview was transcribed. Although the transcription of interviews was a laborious task it was invaluable in enabling the researcher to draw inferences within and across the data at an early stage of the research process. The verbatim transcriptions allowed for the identification of key themes, key names of individuals and organisations and repetitive and unique patterns within the data to be identified. It facilitated initial understanding of the data and initial similarities and differences among the interviews of each case to be considered.
2. 2nd phase: Following the completion of the fieldwork and the transcription of all of the interviews, the relevant secondary data of each case was read and re-read by the researcher and supported the development of individual case summaries (Yin, 1994) creating a thick description of the data (Langley, 1999).
3. 3rd phase: Following the development of the case summaries coding was undertaken. Coding refers to the classification of data through categories and themes, and occurs on two levels, *a priori* coding derive from existing theory and literature and emerging coding (free coding) through analytical induction. *A priori* themes were informed by the theoretical lenses (capital and agency) as well as the themes that were used to structure the interview schedule. The analytical framework refers to the relationship between emerging themes and contextual patterns visible within the data. Qualitative Research Software Nvivo was employed as a mechanism to organise the data onto a platform where free coding and a priori coding could be undertaken. This facilitated 40 tree codes and 33 free codes to be identified. At a practical level the application of this software strengthened the structure and rigour of the data analysis. The data was grouped into different levels: a) entrepreneurial philanthropist; b) chief executive; c) foundation workers; d) recipient; e)

sector experts. This allowed the data to be viewed across different levels and cases.

Coding occurred at both an individual and organisational level and this facilitated the identification of the peculiarities within and across the five focal case studies and the generalities across and within each case to be identified. This aspect of the coding process was informed by Strauss and Corbin (1998) who suggest that coding should be undertaken at a micro and macro level, as a mechanism to identify and understand processes. This process facilitated the construction of a detailed picture of the philanthropy environment, internal and external of the foundation, and the influences on the individual's approach to philanthropy. Importantly, this provided a picture of philanthropy through significant events and incidents as experienced by the entrepreneurial philanthropist, chief executive and other key employees of the foundation and the recipient organisation. The ad hoc interviews with other actors in the field of philanthropy enriched the contextual level of understanding of the phenomenon.

4. Yin (1994) advocates within case analysis and cross case analysis, and this informed the final stages of data analysis and strengthened the researcher's reflective positioning of the data. The interpretation of the data occurred from the time of interview but more systematically beyond the coding process, which enabled the identification of the conceptual association between the different themes in the data. In this respect, the techniques as advocated by Miles and Huberman (1994) and Yin (1994) were followed enabling the researcher to make connections and links in the data. The aim was to group the data according to the constructs relative to each category of theme: why, what and how and to identify the patterns, continuities, discontinuities, similarities and differences within and across each case study. This facilitated the identification of relationships within and across themes to be identified and interpreted. For example, the relationship between family background, personal and vicarious experience of inequality and future philanthropic propensity was identified and interpreted as being important to bringing

entrepreneurs to engage in philanthropy (please refer to appendix 10.4 for an illustration of the sifting and selection process).

Table 3.4 illustrates the distribution of quotes from each of the case studies across the four core findings chapter of the thesis. The table shows that cases 1 and 3 are drawn on steadily throughout the main findings chapters; these are followed by Case 2 which is referenced 31 times throughout the entire thesis and Case 5 is referenced 20 times. However, Cases 4 is less prominently referenced within the thesis. In particular Case 4 is drawn on in total only seven times. However, this can be explained by the fact there was only one recipient organisation interviewed, as opposed to two in each of the other cases therefore there was less data to draw from in relation to Chapter Six and Chapter Seven. The recipient organisation is a longstanding recipient of funding from the philanthropist and the nature of their work entails that the relationship is more of a funding oriented one than an engaged one. Furthermore, the philanthropist was in the midst of establishing a new educational initiative in Ethiopia and because of its early stage of development could not be incorporated into the general findings of this study. This limited the application of quotes from this case in Chapters 6 and 7. However, the inclusion of this particular case in the overall sample was of value as it enriched the variation within the sample especially as it was a mature foundation in comparison to the other cases and it contributed to a broader and deeper understanding of the phenomenon.

**Table 3.4: Distribution of quotes from each case study contained in the thesis**

	Case 1	Case 2	Case 3	Case 4	Case 5
<b>Chapter Four</b>	20	9	11	2	3
<b>Chapter Five</b>	16	14	7	3	1
<b>Chapter Six</b>	12	6	12	1	4
<b>Chapter Seven</b>	3	2	18	1	12
<b>Total number of quotes</b>	51	31	48	7	20

### ***3.6.5 Logistical considerations and ethical issues***

The fieldwork took place over a ten month period between August 2007 and May 2008, and was driven by the opportunity to gain access to certain individuals within



the purposeful sample. Since that period limited contact has been maintained with Cases 1 and 2 and EEP: A, EEP: B and EEP: C and has facilitated the updating of information on specific programmes being supported by the foundations. In addition, the foundation web sites of Case 2 and Case 3 have been regularly visited and information pertaining to the progress of projects and programmes of the respective foundations has been noted up until June 2011. Cases 1, 4 and 5 yielded less updated information from their websites. Primary data collection began with the ad hoc interviews with individuals from the broader landscape of philanthropy. This approach served two purposes: a) it enabled the researcher to practice interview skills; and b) it allowed the interview schedules to be tested prior to interviewing the 'elite' individuals who form the case studies of this research study. All subjects were asked to give permission for the interview to be recorded, and all interviewees received a copy of the interview transcript. All interviewees were asked to confirm that they were happy with the contents of the transcript. Furthermore, all interviewees were offered anonymity at the outset of the interview being conducted which was favoured by the interviewees.

### ***3.6.6 Limitations***

The five focal case studies were all based on individuals whose foundations were located in the UK. This may be perceived as a limitation in relation to the global nature of the phenomenon. However, that said, the activities of four out of the five case studies have a global outlook. Further, the exploratory nature of the study of an emerging but still elite activity may be perceived as a limitation as it may not be easily generalizable. However, the findings of the study contribute to the development of theory and are qualitative in nature not quantitative which is better aligned to generalisations.

### **3.7 Conclusion**

This chapter has discussed the philosophical and methodological underpinnings of this study, which have been used to inform and direct the exploratory research of the phenomenon of entrepreneurial philanthropy. The study has argued for the application of a qualitative approach to this type of inquiry. Furthermore, the study has identified a multiple case study research strategy as being appropriate to meeting

the sense-making objectives of the study and further our understanding of entrepreneurial philanthropy. Relevant literatures from the discourse on research methodology and the field of entrepreneurship have been used to inform the approach of the researcher.

## **CHAPTER 4: FROM ENTREPRENEUR TO PHILANTHROPIST**

### **4.1 Introduction**

Having discussed the theoretical positioning and methods of this thesis the aim of this chapter is to explore why successful, wealthy entrepreneurs become engaged in philanthropy. This chapter enumerates a range of factors that contribute to the entrepreneur's transition from wealth creator to committed philanthropist, including the role of personal background and critical incidents in determining future philanthropic roles and interest. Critical incidents serve to shape the entrepreneur's thinking and openness to the possibilities offered by philanthropy. Importantly, a range of push and pull trigger factors are explored and considered as important determinants of the engagement of entrepreneurs in philanthropy. The influence of other individuals on the entrepreneur that contributes to their engagement in philanthropy is also considered. It is through unravelling the stories behind the individual that enables a deeper understanding of who the entrepreneurial philanthropists are, where they have come from and what has shaped, led and influenced them to become engaged entrepreneurial philanthropists.

The data suggests the journey from wealth creating entrepreneur to engaged philanthropist is not instantaneous, rather, it is a gradual process. There are many factors that contribute to the individual's personal emphasis shifting from personal wealth creation to social investment in philanthropic projects. Typically, the entrepreneur's first foray into philanthropy involves a minimal level of individual engagement where the conscious effort made by the entrepreneur is nominal. Often, this involves the symbolic writing of a cheque in response to random requests by third parties for funding and is related to the individual's profile as a successful wealthy entrepreneur, not as a philanthropist. However, the entrepreneur's motivation and understanding of philanthropy is malleable.

The data illustrates there is a point during the entrepreneur's engagement in philanthropy where there is a conscious realisation of how personal wealth can be used in a more meaningful way. This results in the entrepreneur's development of a personal sense of fulfilment, which in itself can be interpreted as an important motivator. In this context, it is impossible to separate the concepts of altruism

(Piliavin and Charng, 1990) and egoism (Batson, 1994) in relation to the entrepreneur's transition to philanthropist. This has been firmly established in the concept of indirect reciprocity, which is the act of giving for the benefit of another but where the person who is giving also benefits (Piliavin and Charng, 1990; Batson, 1994; Andreoni, 1989; 1990). Reciprocity is relevant to the theoretical premise that entrepreneurial philanthropy is both redistributive and accumulative. In other words, the engaged philanthropist benefits and gains (in both a personal sense and in a capital accumulative sense) from their engagement in philanthropy.

However, this in itself does not explain why successful entrepreneurs make the transition from solely focussing their efforts on the creation of wealth to combining wealth creation with wealth redistribution. The thesis demonstrates that the move into philanthropy does not indicate, or require, that the drive towards personal wealth creation is necessarily diminished. Rather, the continuing creation of wealth takes on a new meaning for the committed philanthropist as they come to realise what their wealth can be used to achieve.

This chapter explores the different factors that contribute to the entrepreneur's philanthropic journey. The following sections present findings on the role of factors such as the accumulation of personal wealth, the entrepreneurial exit, the importance of individuals having sufficient time to reflect and engage with the meaning of philanthropy. The importance of personal experiences, family background and external influences (both present and historic) that individually and collectively act to shape the entrepreneur's journey to philanthropy will be considered. Importantly, critical life incidents that occur in each individual's life will also be explored and presented as important factors that contribute to the entrepreneur's journey of philanthropy. The chapter will conclude by considering how the empirical findings fit with theory.

## **4.2 Background of the individual**

The background of the individual entrepreneur is a valuable starting point to begin to explore what has acted to shape such individuals to become the influential figures in the fields of entrepreneurship and philanthropy that they are today. Table 4.1 presents a summary of the entrepreneurs' social demographic backgrounds.

**Table 4.1: Social demographics of entrepreneurial philanthropists**

<b>Interviewee</b>	<b>Age</b>	<b>Source of Wealth</b>	<b>Estimated Personal Wealth (2007/8)</b>	<b>Education (Top Level)</b>	<b>Father's Occupation</b>	<b>Harvest/ Public Listed/ Built into Business Model</b>	<b>Serial Entrepreneur</b>	<b>Social Class</b>
<b>EP Case 1</b>	40's	Retail	£1 Billion	University (Business)	Entrepreneur	Harvest	Yes	Middle
<b>EP Case 2</b>	40's	IT	£100 Million	University (Science)	Civil Servant	Harvest	Yes	Middle
<b>EP Case 3</b>	40's	Hedge Fund	£200 Million	University (Business) MBA Harvard	Tradesman: Mechanic	Live Business Model	No	Working
<b>EP Case 4</b>	60's	Service	£60 Million	Grammar School	Civil Servant	Public Listed & Harvest	Yes	Middle
<b>EP Case 5</b>	60's	Service	£750 Million	MBA Columbia, NYC	Entrepreneur	Harvest	Yes	Upper
<b>EEP: A</b>	50's	Retail	<£10 million	Grammar School	Tradesman and Shop Steward	Live Business Model	No	Working
<b>EEP: B</b>	30's	Retail	<£10 million	University (Business)	Computer Scientist	Live Business Model	No	Middle
<b>EEP: C</b>	40's	Construction	£40 Million	University (Engineering)	Entrepreneur	Harvest	Yes	Middle
<b>EEP: D</b>	50's	Service	£100 Million	State School	Tradesman: Painter	Public Listed	Yes	Working
<b>EEP: E</b>	40's	Service	£100 Million	University	Unrecorded	Public Listed	Yes	Middle

#### ***4.2.1 Social demographics: Class, education and family background***

A common element of all the interviewed entrepreneurs is their situation in the lower, middle and working social class groups. There is one exception (EP, case 5) who hails from the upper class. The fact that the majority of entrepreneurs do not typically come from a wealthy family background suggests that they have created their own wealth. As the table illustrates the entrepreneurs are well educated with seven out of ten (7 /10) educated to University level and 2 /10 having completed an MBA. Almost all the entrepreneurs (9 /10) are within the 40-60 plus age range and only one (EEP: B) is in the 30-40 age range. This suggests that the majority of individuals are mature and experienced in business and that it has taken some time for these entrepreneurs to create their wealth.

An interesting factor is the family background of the group. Through examining parental occupations, it is evident that the entrepreneurs hail from a diverse range of family backgrounds. Only 3 /10 come from a family business background, with a father who was an entrepreneur. Three of the individuals' fathers were skilled tradesmen, two were civil servants, one a professional and one subject's parental occupation is unknown. Overwhelmingly, each of the subjects speak of the strong work ethic that was embedded in their family background and that has been instilled in them by their own parents. Importantly, the entrepreneurs believe that this strong work ethic embedded in their family background has positively influenced their own entrepreneurial success. This is relative to Bourdieu's concept of habitus (Bourdieu, 1986), which he argues is pivotal to the reproduction and strengthening of culture at an individual, familial and societal level. The concept of habitus refers to the socially learned dispositions, skills and taste developed from those around us (Maclean *et al.*, 2006), which according to Bourdieu (1986) is an unconscious process as the individual's habitus is shaped and acquired through everyday life. The following quotes are illustrative:

*"My father had worked for himself for many years, so there was a trait in the family of working hard and trying to strive for things". ( EEP:C)*

*"I think it was a normal, stable upbringing and hard work was the order of the day". (EP, Case 2)*

*“Coming from a background where I was born in a council house, and my dad was a hardworking man who had two or three jobs just to keep the family together”. (EEP:A)*

These quotes reflect the significance of the strong work ethic to these individuals that is derived from their family background, and which is considered relevant to the success that they have had in their entrepreneurial careers. This supports the arguments of Bourdieu (1986) and Maclean *et al.* (2006) that habitus is created from learning behaviours and dispositions from our surroundings.

#### ***4.2.2 The entrepreneurial lifecycle: creating, growing, listing and selling a venture***

The variance in the entrepreneurial lifecycle is evident across the entrepreneurial activities of each individual. Five entrepreneurs (5 /10) have successfully harvested their entrepreneurial venture and gained a significant financial return in the process. This represents a significant critical incident in the life of each of these associated entrepreneurs. Furthermore, three entrepreneurs (3 /10) have publicly listed their company, which has netted them significant sums of money and increased their personal level of wealth. Another three of the entrepreneurs’ (3 /10) businesses are at an earlier stage of the entrepreneurial lifecycle, which means the related entrepreneurs are in the early stages of accumulating wealth. These specific ventures are successful businesses from which the related entrepreneurs have derived a significant level of personal wealth. Another factor that is indicative of the dynamism of the entrepreneurial philanthropists is that the majority of the group are serial entrepreneurs (7 /10), and have created and successfully grown more than one entrepreneurial venture.

Taking all of these factors into consideration, the picture emerging from the data is this group of entrepreneurial philanthropists are typically established entrepreneurs, who are educated and often serial entrepreneurs. This suggests that this group of entrepreneurs have the experience, know how, know-who and substantial capital resources to apply in the development of a prominent philanthropic role. However, these factors on their own are not sufficiently discriminatory to suggest that each entrepreneur will make the move into active engagement with philanthropy, as many others have these types of resources and experience and are not philanthropic. Therefore, there is a need to delve further into the backgrounds of the entrepreneurs

to explore the factors that shape and contribute to their active engagement in philanthropy. This leads us to explore the role of the family unit of the individual and the next section considers the family backgrounds of the entrepreneurs.

#### ***4.2.3 The role of the family unit in supporting philanthropic values***

The entrepreneurs (6 /10) talk about a sense of caring and social consciousness, where giving back to society is considered to be the norm. The entrepreneurs report that the concept of ‘giving back’ has been firmly embedded in their individual family values and accepted by them as normal behaviour. Note that this attitude has been developed before a significant level of personal wealth has been accumulated. This confirms the views of Schervish (2008) that the deeper meaning of philanthropy, love and care for others is firmly rooted in the individual’s family background and shapes the entrepreneur’s mindset, outlook and belief that individuals have a responsibility to help others. Further, it corresponds to Lloyd’s (2004) seminal research “Why the Rich Give” in the UK who found that the family background and family values of the individual is important to their propensity to give. This is illustrated in the data through the following quotes:

*“In my upbringing, my dad being part of the local community had always done stuff for the old folks’ party and the working men’s club. There was always a sense of giving back into the community from which we profited from. So that was always just taken for granted”. (EP, Case 1)*

*“We (referring to spouse) have always had a real interest in what the right thing to do is and about, and about trying to help people that are in a less fortunate position than we are. We have always had that philosophy for as long as I can remember. It is something that has been there for a long time”. (EP, Case 2)*

*“We had a normal upbringing. People looked out for each other and it was just important to do the right thing. If you had something you had to share with people”. (EP, Case 2)*

The emerging picture is one where wealthy entrepreneurs turned philanthropists were taught to value caring for and helping others when growing up. The ability of the entrepreneur to identify and relate to others is central to their philanthropy (Schervish, 2003) as is their ability to be empathetic towards others (Batson, 1994). However, the importance of the family background of the entrepreneur to shaping their philanthropic values is also relevant to the concept of habitus (Bourdieu, 1996; Maclean *et al.*, 2006), as the family grounded behaviour and mindset of caring for



others is highly influential to the philanthropic values of the entrepreneur. Importantly, the concept of habitus travels from the original family unit (e.g. parental) to the marital family unit, as is evident in cases 1, 2 and 3 and in the second tier interviews with emergent philanthropists EEP: A and EEP: E. Spouses play an important role in the development of the entrepreneur's engagement in philanthropy (as they do in supporting their entrepreneurial career) and their subsequent ideological commitment. The role of the spouse is prominent in strengthening and developing the philanthropic values of the entrepreneur and their future philanthropic direction. This is particularly evident in Case 3, where the husband and wife team are completely entwined in their philanthropy and is also evident in other cases. The following quotes are indicative:

*"He (husband) spent time in the States and that is where his volunteering started under my tutelage". (EP, Case 3)*

*"We (husband and wife) definitely drove each other, neither of us would have done it (engage in philanthropy) without the other". (EP, Case 3)*

*"Her (the wife) role is keeping my feet on the ground and having the common sense to say – I don't think that is right or I think that is very beneficial". (EP, Case 1)*

The role of the family background in the development of the entrepreneur's propensity to engage in philanthropic behaviour is therefore an important theme in this study. This theme continues in the context of those entrepreneurs in the study (3/10) who gained exposure to a family business environment.

#### ***4.2.4 Exposure to entrepreneurship through family business***

For those individuals who gain exposure to entrepreneurship through a family business background (3 /10), the family business factor has helped to shape these specific individuals to become the successful entrepreneurs that they are. This is relative to how the entrepreneurial habitus was developed for these individuals during family rituals such as family meal times and through the family discourse. The following quotes are illustrative:

*"I think that the fact that business was talked round the dining table and it was normal to talk about business, you know, I was working from an early age. I was buying, I was selling. I understood that this was all a good education". (EP, Case 1)*

*“Having been brought up in a household where business was discussed not necessarily extensively but where I think definitely I had an advantage”. (EP, Case 5)*

Elements of entrepreneurial behaviour are ingrained in these individuals from an early age because of their exposure to family business. This finding corresponds to the work of Carr and Sequeira (2007), who argue that prior exposure to a family business is important to the development of intergenerational entrepreneurial intent. The associated behaviour and language of entrepreneurship is actively reinforced through discussions at family meal times. This environmental factor is recognised by the entrepreneurs as being important to the shaping and influencing of their own entrepreneurial behaviour, and leading to the development of a family culture of entrepreneurship. Reconstructing this culture within their immediate family influences the development of a philanthropic disposition in the next generation. This is relevant in the context of the entrepreneurial philanthropists who seek to instil philanthropic values in their own children. Common across the cases of entrepreneurial philanthropists who have children is the scene of sitting round the table talking with their family as they strive to educate their own children about their view of wealth and philanthropy.

However, the majority of entrepreneurial philanthropists (7 /10) did not come from a family business background and their fathers were described as having a ‘normal’ occupation including: civil servant, mechanic, painter, tradesman and shop steward and a computer scientist. To this particular group of entrepreneurs the strong work ethic that is embedded within the family unit is quite relevant, it appears that it is absorbed from the family environment and has shaped and influenced the entrepreneurs approach to work and life. Family values such as the work ethic appear significant across all of the entrepreneurs regardless of whether they come from a family business background or not. It therefore represents an important familial characteristic relevant to all of the entrepreneurs and what they have become today.

The familial background of the philanthropists is an important factor in shaping them to become successful, wealthy entrepreneurs and philanthropists. However, in itself this is not enough to fully explain the level of success that such individuals reach in their two sided career. Therefore, it is relevant to move beyond the

philanthropists' familial background and consider the critical events that occur in their lives and that act to influence and shape their thinking on wealth creation and philanthropy.

### **4.3 The role of personal and vicarious experiences in shaping the philanthropist**

Personal experience is a central factor that contributes to the entrepreneurs' decision to engage in philanthropy. Critical incidents in the life of the entrepreneur can be personal experiences that influence how they come to think about their wealth and philanthropy. For some individuals, critical incidents prove to be life altering events that have a bearing on their philanthropic thinking and behaviour and how they view their wealth. (e.g., a personal experience that leads to the individual viewing poverty in a different way as is evident in Case 3; or, a near death personal experience, which leads the entrepreneur to contemplate their ability to help others less fortunate as is evident in EEP: B). Both of these examples are critical incidents which have impacted on the individual and how they came to think about wealth and philanthropy. The data suggests that critical incidents impact on the entrepreneurs both personally and vicariously, capturing their attention and enabling them to think about the opportunities their wealth affords them.

Critical incidents are solid formative experiences that act to shape and influence the philanthropic motivation of the entrepreneur. However, such incidents need not necessarily have immediate impact. It can often take the entrepreneur until after they have accumulated significant personal wealth for them to make sense of a past critical incident and to link that experience to their own wealth and philanthropy. This is supported by the work of Cope and Watts (2000) whose study on the effect of critical incidents on entrepreneurial learning found that the chronological and perceptual boundaries of such events were difficult to define. Perhaps most importantly, the longer term impact of critical incidents enables the wealthy entrepreneur to realise the agency that they have, simply as a result of their command over resources (Clegg et al., 2006).

Critical incidents can be categorised as: internal and external to the entrepreneur. Internal refers to incidents which the individual has personally lived through. External refers to incidents that are vicariously experienced by an individual but

which affect them personally. To elaborate further, an external critical incident is where the experience is a vicarious one learned through a community or another individual. Both internal and external critical incidents are evident across most of the case studies and indeed in the second tier sample of entrepreneurs who are emerging as philanthropists and illustrated in Table 4.2.

**Table 4.2: Internal and External Critical Incidents**

<b>Interviewee</b>	<b>Critical Incident Internal</b>	<b>Critical Incident External</b>
<b>EP Case 1</b>	Family Business impacted by downturn in local economy.	Community deeply affected economically by the closure of local mining pits: creating significant unemployment.
<b>EP Case 2</b>	-	Travels through Africa and exposure to poverty.
<b>EP Case 3</b>	Growing up in poverty and being an immigrant to the UK.	Witnessing children scavenging through garbage heaps to survive. Volunteering in the US.
<b>EP Case 4</b>	-	Vicarious experience of those less fortunate in society as profiled in the Observer newspaper's 'Sad Society' series in the 1970's. A volunteer with a drug addiction charity.
<b>EP Case 5</b>	-	Visiting Easterhouse (Greater Glasgow) and being exposed to and witnessing relative poverty. Vicariously experiencing poverty in South Africa near his second home.
<b>EEP: A</b>	Childhood illness.	-
<b>EEP: B</b>	Near death experience on K2.	Exposure to poverty in Nepal/India.
<b>EEP: C</b>	-	-
<b>EEP: D</b>	-	Being exposed to poverty in Africa through travels.
<b>EEP: E</b>	-	-

#### **4.3.1 Internal critical incidents**

Internal critical incidents are powerful events that have been personally experienced and lived through by the entrepreneur which come to shape their thinking about philanthropy. In particular critical incidents which bring to the fore issues of social and economic inequality are particularly important to the entrepreneur and their future philanthropic endeavours. Some examples of these are provided in the following quotes:

*“He (husband) viewed his experience of poverty and his awakening of this form of poverty as among the most important occurrences in his life”. (EP, Case 3 talking about her husband EP, Case 3)*

*“We were a mining village. Business was good until the miner’s strike of ’84. At that point it was a real turning point for the business. I was quite involved in the business then, but I had never wanted to go into the business as I saw it as very restrictive. With the miner’s strike coming on times got very hard. After that the mines never really got going again and in 1986 they basically*

*closed. For a village where 75% of the male employment was in the mines, it was devastating. My dad sold the shops, it had been a great business but obviously there was no more customers and it becomes very difficult". (EP, Case 1.*

These quotes convey personal experiences that are internal to the individual, which have impacted on them personally and emotionally. Centrally contained within these examples are the broader themes of poverty and economic independence, coming to the fore of the entrepreneur's thoughts. Interestingly, facilitating economic independence is central to the ideology of entrepreneurial philanthropy. The first quote relates to the philanthropist's (of Case 3) personal experience of growing up in poverty. This individual was able to further contextualise his own experience of poverty through his experience of observing at first hand children in the Philippines who live in abject poverty scouring the refuse heaps to survive. The second quote relates to the impact of the infamous miners' strike in the U.K during the 1980's. The subsequent pit closures enforced by a Conservative Government led by Margaret Thatcher, had a devastating impact on the local economy, the community and importantly, on the individual's family and their family business.

These examples represent critical incidents that have been personally experienced by the individual, that impacted on him and which came to influence his thinking on issues such as income inequality and economic independence. The themes of income inequality and economic independence become more apparent in the following chapter when they are discussed in relation to the ideological formation of entrepreneurial philanthropy. Nevertheless, what is important about these specific critical incidents is that they trigger the entrepreneur to consider the meaning of his wealth in relation to philanthropy.

An important event which has a profound impact on the entrepreneur is when he or she exits from (sells) their entrepreneurial venture. In some cases this resulted in the entrepreneurs becoming incredibly wealthy overnight: £750 million, £298 million, £120 million, and £40 million are some of the amounts that the entrepreneurs in this study sold their businesses for as illustrated in Table 4.3.

**Table 4.3: Sudden wealth amassed from selling entrepreneurial venture**

Entrepreneurial Philanthropist	Sector	Harvest	Sale income
EP Case 1	Retail	Yes- 2000	£298 Million
EP Case 2	Service Sector	Yes- 2000	£120 million (\$180 Million)
EP Case 5	Service Sector	Yes - 2004	£ 750 Million (\$1.5 Billion)
EP Case 4	Service Sector	Partial-	£5 Million
EEP: C	Construction	2004	£40 Million

The data shows that selling an entrepreneurial venture is a critical incident which affects the entrepreneur not only in new found material capacity; but also emotionally, where feelings of happiness, sadness and guilt often accompany such an event. What becomes apparent is specifically that these individuals experience a personal void as a result of exiting from their business, which they have worked tirelessly over many years to build up. Their wealth creation is the culmination of years of hard work. Yet, often in the context of entrepreneurial harvests the abundance of wealth is a critical incident which can happen literally overnight especially when the exit has not been planned. Related to this, four of the entrepreneurs exited their business in an unplanned opportunistic fashion, when someone made them an offer that was difficult to refuse. The associated emotional highs and lows of creating, nurturing, managing and growing an entrepreneurial venture and then exiting it are captured in the following quotes.

*“We sold the company for £298 million...it actually felt terrible. Headquarters was on this site and we employed an awful lot of people. I knew those jobs were going to disappear, because the business was going to be moved to Wigan. It was a difficult time. I knew it was the right thing to do, because the market was getting tougher and we couldn’t have continued the same sort of growth. Things were tight enough. So I knew all that but it was still a difficult time in people losing their jobs. Difficult”. (EP, Case 1)*

*“At that point basically, I mean I had a very large cheque in the bank. I was only thirty seven years old and I had only really had one job in life, which was the company so I had sold the only thing that I had ever done”. (EP, Case 1)*

*“On the Monday morning (the first business day after selling the business) I went into the office and made the announcement to the staff and said goodbyes and left by about eleven- eleven thirty on the Monday morning. That was all fine, but waking up on the Tuesday morning I had no idea what I was going to do, where I was going to go. That was weird because for about twelve years of pretty intense 24/ 7 stuff so I was anxious”. (EEP:C)*

To suddenly have a huge amount of money in your bank account literally overnight is conveyed as a surreal experience by the entrepreneurs who sold their business. This is an experience where emotions of joy and guilt are present, which act to constrain and to drive the entrepreneur in how they make sense of this new-found personal wealth. The fundamental question which they faced, was what do you do when the one thing that you have concentrated all your time and effort on for such a long time, ceases to be your responsibility comes to the fore of the entrepreneurs mind. This is the dilemma faced by entrepreneurs who go through the harvesting process and successfully exit from their entrepreneurial venture, simultaneously gaining significant personal wealth. One common theme amongst those entrepreneurs suddenly faced with a huge increase in personal wealth is the opportunity to have a period of time to think about and decide what to do next with their new-found wealth.

The sudden increase in personal wealth coupled with a new-found freedom of time characterises a critical incident for the individual. The entrepreneur is at a crossroads, where they feel that they need to make major decisions as to what to do next. The new and suddenly tangible wealth of the entrepreneur brings with it immense opportunities to engage in further entrepreneurial ventures and philanthropy. The comments and reflections proffered by the entrepreneurs who find themselves in this position suggest that their emotional state at the time of having just sold their business is similar to the joy of a newborn and the sorrow of a death.

Among the emotions felt by the entrepreneurs who suddenly become very wealthy is guilt. Guilt is expressed by most of the entrepreneurs in relation to the significant level of personal wealth that they suddenly find at their disposal (after selling their business). Guilt is a factor that can trigger the individual entrepreneur to become engaged in philanthropy. This corresponds to the work of Piliavin and Charng (1994) who argue that pro-social behaviour can result from attempting to relieve ones negative emotional state. Guilt is mentioned by the entrepreneurs in the context of the social inequalities that exist in their immediate community (Case 1), as well as, in the global context (Case 5). Across the cases who have harvested their business, guilt is spoken about in relation to the external social and economic consequences of selling their entrepreneurial venture. This is especially relevant when former

employees will most likely lose their jobs as a result of the business being sold (Case 1).

The role of guilt in the spectrum of altruistic and self-interested behaviour is well documented and can be related to the concept of egoism (Hogg and Vaughn, 2005). Egoism relates to undertaking a 'pro-social' act that benefits the welfare of the actor positively. More specifically, egoism is about helping others "to secure material, social and self-reward; and to escape material, social and self-punishment" (Batson, 1994, p. 604). Egoistic behaviour is behaviour that helps another person to relieve one's own negative state (including guilt) and it is well established within social psychology research (Cialdini, Bauman and Kendrick, 1981; Hornstein, 1982; Piliavin, Dovidio, Gartner and Clark, 1981). Within this context, the entrepreneur in case 4 suggests that doing something meaningful with immense wealth eases the emotional burden of guilt on the entrepreneur. The following quote is illustrative:

*"I think excessive consumption and excessive wealth are both pretty distasteful. If you have excessive wealth, and you are doing something with it, then it becomes excusable". (EP, Case 4)*

However, it is not only events that are experienced internally by the entrepreneur that impact on their capacity to make sense of wealth and philanthropy; and external events are also of significance.

#### **4.3.2 External critical incidents**

External critical incidents are events that are vicariously experienced by an individual. Such events can act to pull and / or push the entrepreneur towards engaging in philanthropy. Some of these external events are illustrated in the following quotes:

*"He (husband) spent a very formative four months in the Philippines working for a bank but spending all his spare time in rural and urban poverty there. At that point it was a formative experience, I don't think he knew what to do with it, But, it was clearly something that had an exceptional impact on him". (EP, Case 3)*

*"He (husband) was truly stunned by seeing children scouring through the garbage heaps in Manilla. It was the first time that he thought of his family's poverty in a different context". (EP, Case 3)*

*"Probably one of the most influential single things was, and I can't remember the exact date of this but it was about five years ago. I was taken around, on a*



*tour of Greater Easterhouse in Glasgow and remember that I had lived all my life a very sheltered sort of life, a private life... going around Greater Easterhouse and realising how people lived in the fourth richest country in the world. Maybe not on a per capita basis, but nevertheless a highly developed country, and realising that people lived there and in terrible conditions". (EP, Case 5)*

*"I saw what happened when a community relies on a nationalised industry and when nationalised industry goes away, it is devastating...It must be something to do with growing up in a tight knit community and seeing that community disintegrate". (EP, Case 1)*

These external critical incidents are vicarious experiences, which lead the entrepreneur to empathise with other individuals by exposing him more profoundly to the income inequalities at home and abroad. Moreover, such experiences impact on the entrepreneurs' knowledge, awareness and contextual understanding of income inequality. Within these particular examples the entrepreneur becomes awakened to the broader theme of poverty. In some way, this vicarious experience coupled with the newly realised wealth aids the entrepreneur to make sense of their own philanthropic capacity and the opportunity that wealth provides to them.

Critical incidents, that are both personally and vicariously experienced by the entrepreneur act to emphasise the fragility of human life and to stimulate empathy with others. Empathy is acknowledged as being important to the development of pro-social behaviour (Batson, 1994). The overriding theme that emerges from the individual's ability to make sense of these critical incidents (albeit at a later point in their life) is the importance of economic independence to individuals and communities. Making sense of these personal experiences, whilst in the midst of their own successful entrepreneurial careers, influences the entrepreneurs' belief and thinking around the importance for others to be economically independent and self-sustainable. More specifically, the entrepreneurs begin to conceptualise their role as not only as a wealth creator but also as a philanthropist. The role of philanthropist becomes conceptualised as one of enabling, facilitating and empowering other individuals and communities to not only survive, but also to thrive, develop and prosper through economic independence. The following quotes are indicative:

*"I want us to try a different way. I don't know what it is but to try to help people help themselves out of poverty". (EP, Case 1)*

*“It (philanthropy) is around trying to create long term sustainable opportunity. Yes trying to create long term sustainable economic opportunity, to a large extent it is about trying to change the environment”. (EP, Case 2)*

*“If there is wealth and opportunity created in society, ultimately you may need to wait twenty to thirty years but you will find that the benefit that brings to lift people away from a dollar, two dollars, three dollars a day is more profound than what has been done over the last thirty to forty years”. (EP, Case 2)*

Critical incidents in the lives of entrepreneurs are perceived as an important factor that contributes to their orientation towards engagement in philanthropy. The different types of critical incidents that occur in the lives of entrepreneurs have been considered as have their subsequent impact on the entrepreneur’s philanthropic intention. It is now relevant to explore and consider the process by which the entrepreneur clarifies their thinking on philanthropy. One common factor, evident across the subjects, is the importance of the individual taking some time out to make sense of personal wealth and conceptualise philanthropy more fully.

#### ***4.3.3 The wealth of time as a trigger factor to engaging in philanthropy***

The concept of time, and taking time out to reflect on past entrepreneurial achievements and to think about future opportunities, is raised by a number of the entrepreneurs (particularly those of new-found wealth who have sold their business), as being an important factor in their engagement in philanthropy. For such individuals, taking the time to explore and to think through what opportunities are possible in both entrepreneurship and philanthropy is important. This enables the entrepreneurs to contemplate what is meaningful, challenging and important to them, supporting the entrepreneur to make a firm decision to become engaged and committed to philanthropy. The following quote is indicative:

*“I had a big cheque, I was young but I didn’t know what to do. So I had to go and educate myself as to what the next step was going to be. At the time it was very daunting but I tried to look at it by saying look, I have got a chance to do anything I want to do now so let’s go and find out what the possibilities are”. (EP, Case 1)*

The entrepreneurs used their free time to think about their future and to consider the different possibilities to explore in business and philanthropy simply because of their new wealth. Importantly, this free time enables the entrepreneur to contemplate and realise their own capacity, both in the field of entrepreneurship and philanthropy.

One use of this free time is to talk about opportunities for wealth management and philanthropy to other people including: family, business associates, philanthropy adviser and wealth advisers. This can be likened to the concept of archaeological conversation as introduced by Schervish (2006), who suggests that wealth holders who become major donors undertake archaeological conversations with others to map out their moral biography. In this context, the entrepreneur's reflection is a social process as it is facilitated by the interaction between the entrepreneur and other persons from within their immediate circle and beyond. Therefore, reflection and the social process that facilitates it become important to the entrepreneurs efforts to conceptualise their future direction. This can be linked to the literature on relational pluralism, which posits that individuals can derive meaning and future direction through social relations (Simmel, 1950; Pratt and Rafaeli, 1997; Mehra, Kilduff and Brass, 1998). The data suggests that such interactions often act to push and / or pull the entrepreneur to become orientated towards organised philanthropic activity.

#### **4.4 The push and pull factors of philanthropic commitment**

The data suggests there is a range of factors that impact on the entrepreneur and encourage them to make a formal commitment to philanthropy. Although family members (including parents and spouses) are important individuals who help to shape the philanthropic values of the entrepreneur; there are other individuals and factors that impact on the entrepreneur's philanthropic orientation in a practical and philosophical sense that are of value to consider.

Lawyers and accountants, therefore, play a prominent role in the process of formalising philanthropic activity. A key milestone in the philanthropic journey is the creation of a formal vehicle through which the entrepreneur can manage and plan philanthropic activity. This is particularly relevant in the case of the 'harvesting' entrepreneurs whose sudden increase in personal wealth requires some 'tax' specific thought. Close contact with lawyers and accountants can be a starting point that pushes the entrepreneur towards a more planned route in the journey of philanthropy, as the following quote illustrates:

*"As part of tax planning, someone said, 'have you got a charitable foundation?' I said, 'No'. 'Well you want one of them as they are tax efficient'. 'Okay I'll have one of them'. So we put £10 million into it but there*

*was no thought and there was no vision it was just tax efficient. So we ended up with a charitable foundation almost by default". (EP, Case 1)*

*"Basically the lawyers and accountancy said tax efficiency, stick ten million in a foundation. So, it was founded in 1998, when he exited (his business) and it was literally a tick in a box and he had no idea what to do". (CE Foundation, Case 1)*

These quotes suggest that the reality of the above vehicle of philanthropy (Case 1) being established was by default. However, since then this specific organisation has progressed to become a very high profile and ambitious vehicle of philanthropy, through which social and economic change is actively championed by the philanthropist. This particular entrepreneur has since developed a prominent public profile as a philanthropist in the UK, and actively champions his peers to become engaged in philanthropy. Importantly, this raises the question of what other factors have contributed to such a shift in this particular individual's commitment to philanthropy beyond their accountant pushing them in the first instance to formalise their philanthropy. However, other entrepreneurs (e.g. Case 4) had sufficient financial knowledge to recognise that establishing a charitable entity enabled less tax to be paid to the Treasury and therefore were not pushed to do so by their accountant. The following quote illustrates this point:

*"I realised quite quickly that if I took the £5 million (from the venture sale) I would have to pay £2 million in Capital Gains Tax and so that didn't appeal to me. The other alternative was to take shares in the company but as they paid twice as much as they should have done, that didn't appeal to me either so I just thought I will just part with the problem as I don't need the money anyway. So I just parted with the problem and draw down on the shares into the Charity, and so we did, and because it was the Charity we didn't pay any Capital Gains Tax. Immediately what I had done was transformed £3 million into £5 million, so then I didn't rush, I was just looking around for things to do" (EP, Case 4)*

In this example the desire to use the tax system to maximise the amount of money that can be utilised for philanthropic purpose leads to the creation of a charitable foundation (which in his words ensured that no capital gains tax is paid on the money that has been gained by this particular entrepreneur). But, for others, there is the discomfort or irritation from growing requests that act as a 'push' catalyst for the creation of a formal vehicle of philanthropy. The resulting foundation effectively acts

as a barrier to the personalisation of such requests and in a practical sense provides a means of processing such requests.

*“It (the Foundation) gave us a vehicle through which we could move and process all the requests we were getting through our locality. People were saying might you consider this or might you consider that. It is much easier now saying well don’t even ask me. I’ve got a team now, and you can put the proposals to them and they will say what gets done. It is easier sometimes than saying yes or saying no, because you have got a barrier between you and the people asking”. (EEP: E)*

In this specific example it is apparent that there are local societal pressures that push the entrepreneur to create a formal vehicle for their philanthropy. This is interesting in the broader context of wealthy individuals in the UK who are profiled in the Sunday Times Rich List, an annual publication of the U.K’s top 1000 wealthiest individuals. In 2006 this publication introduced a Giving Index that listed the top 100 charitable givers contained in the sample of 1000 individuals profiled in the rich list. Inclusion in the rich list also acts as a driver towards philanthropy and is related to the social complexities of being socially perceived as very wealthy, which can be problematic for some individuals, as illustrated in the following quote.

*“We actually wanted to get off the Sunday Times Rich List....It’s very intrusive and unnecessary. It causes problems socially and in the family and we just wanted to get off of that list and that is one side of it...“The other side of it really is a bit more generous, that you just do not need these ridiculous levels of money. Everybody aspires to improve their lives and better it, getting a bit more salary here, and a nicer house there, this, that and the other. But you don’t need a ridiculous level of wealth or different numbers on a bit of paper”. (EEP: E)*

The data highlights the social complexities of wealth as illustrated by this specific entrepreneur’s suggestion that their inclusion in the Sunday Times Rich List created problems socially, with their family and friends who became aware of the exact value of personal wealth they had accumulated. The subsequent reaction by family and friends in this example acted as a push factor towards the entrepreneur creating a formal vehicle for philanthropy. The newly-formed foundation acts as a mechanism to create a balance between the significant levels of personal wealth that has been accumulated and the social expectations of what should be done with that wealth. The social complexities of having significant personal wealth is acknowledged by some of the entrepreneurs as being challenging, particularly in the context of close

family and friends. It is challenging for them, that their significant wealth is not a common characteristic in their families, or in their long term circle of friends (in some cases). Therefore, establishing a philanthropic entity is one way that wealthy individuals can remain socially accepted. This enables the entrepreneur to partially relieve themselves of the social pressure and the complexity that surrounds their high net worth status. Similarly, the desire not to burden children with immense wealth and to instil in their children the value that wealth has responsibility is also a factor that is related to the social complexities of wealth as illustrated by these quotes.

*“It has given our family a real centring and a set of values. A shared sense of who we are as a family and what kind of purpose that we have as global citizens. That is important to (us) and it (philanthropy) has very much solidified that”. (EP, Case 3)*

*“They (the children) have to deal with the fact that I am very public in saying that I am not leaving all my wealth to my kids. So, they are brought up in this abundance and what we are trying to give them is a set of values that we were given by our parents”. (EP, Case 1)*

In this context the work of DiMaggio and Powell (1983) is also relevant and in particular their concept of normative isomorphic pressure, which relates to pressures from other actors and organisations within the field on individuals to behave in a certain way. More specifically, the entrepreneurs conform to social expectations of what is considered as acceptable behaviour for someone of considerable wealth. In this respect, the entrepreneurs adapt their behaviour based on social expectations of them by establishing a foundation to engage in philanthropy. However, by doing so, become elevated to a position where they can take their engagement in philanthropy to a higher level through interaction in the field of philanthropy.

#### **4.5 Developing philanthropic intent and capacity**

The reasons for entrepreneurs establishing a formal entity for their philanthropy are varied and are often influenced and driven by other individuals, whether family members, professional lawyers, accountants, wealth advisors or business partners. This is evidenced in the range of illustrated examples that push the entrepreneur towards creating a formal vehicle for their philanthropy. However, this does not explain why or how the entrepreneurs move beyond forming a foundation for their philanthropy as a tax efficient tick box exercise to becoming conceptually engaged with philanthropy. Therefore, the need to explain what happens to make such

individuals become committed to philanthropy still exists. What drives the entrepreneurs to transfer the level of ambition and dedication evident in their entrepreneurial career towards their philanthropy? These questions can in part be explained by the accumulation of knowledge and new contacts in the entrepreneurs' orientation towards philanthropy.

Accessing philanthropy networks to develop contacts who can add value to the entrepreneur in the form of new knowledge is an important factor that affects the philanthropic orientation of the entrepreneur. This is evidenced in the decisive and opportunistic action taken by entrepreneurs (Case: 1, 2, 3 and 5) who seek out advice and knowledge beyond their immediate social and professional environment. Entrepreneurs seek out individuals of influence and integrity within the field of philanthropy to develop their own philanthropic capacity (Case: 1, 2, 3 and 5). Primarily, this is a way for the entrepreneurs to educate themselves about philanthropy and to draw on the knowledge of established individuals who are active and influential in the field of philanthropy. The following quotes are indicative:

*"I went over to New York and knocked on the door of the President of the Carnegie World Corporation. He was a great influence in explaining Carnegie's principles, and you know he has also helped Gates, helped Clinton and helped various people get their head round the idea of philanthropy. This was a whole new education for me". (EP, Case 1).*

*"It was just meeting people, learning and understanding and being appalled by some of the things. Gordon Brown the Prime Minister said to me, you have got to meet Richard Curtis who is Comic Relief". (EP, Case 1)*

Having the freedom, the time and the means to explore and investigate philanthropic possibilities enabled the entrepreneur in Case 1 to increase his network, contacts, knowledge and understanding of philanthropy. Importantly, by moving into the field of philanthropy, this individual has begun to develop a public profile as a philanthropist. This is even before any real level of engagement in philanthropy actually occurred. Case 1 represents a very measured and strategic approach taken by the entrepreneur towards philanthropy. What is of particular interest in trying to understand the process of transition from entrepreneur to committed philanthropist is considering the level of ambition which is displayed in this case. This individual, a recently made wealthy entrepreneur seeks out one of the most knowledgeable, iconic and influential figures of stature in the field of global philanthropy. This figure

converses with the likes of the former US President Bill Clinton and the Microsoft owner Bill Gates on issues related to global philanthropy. This is a fascinating starting point for this entrepreneur in displaying real commitment to philanthropy.

This example is not isolated within the data set of the case studies. There are other examples of entrepreneurs seeking to associate themselves with individuals of influence, who are rich in knowledge within the field of philanthropy, during the early stages of stepping into philanthropy (Case 3, Case 5, EEP: B, EEP: C). Of further interest is how some of these influential individuals become strategically recruited to the Boards of the entrepreneurs' newly formed foundations. This can be interpreted as an effort by the entrepreneurs to create a powerful philanthropic brand, through which they can extensively grow their knowledge, contacts, networks, and status and gain legitimacy in the field of philanthropy. In particular, Case 3 serves as an interesting example in this respect.

*“We are having someone come to the Board this time who used to be a former Minister of Health in Africa”. (EP, Case 3)*

*“One of the great prides that I take in this organisation (the foundation) is you will see the same mix on the staff (talking about Board members and advisers from business and development). We have people who are two extremes and then mostly hybrids”. (EP, Case 3)*

The landscape of philanthropy that the entrepreneurs start to become embedded in, interestingly, is populated by influential individuals from the political, business and philanthropic elite. The accumulation of knowledge from within this environment becomes important as the entrepreneurs begin to visualise what can be achieved with the application of their wealth. However, it is not solely the present day from which the entrepreneurs look to learn as they set out to educate themselves about philanthropy. Rather, historic figures such as Andrew Carnegie are influential in the development of philanthropic intent and capacity as the entrepreneurs begin to educate themselves about the opportunities that are open to them as philanthropists. In particular, Andrew Carnegie is mentioned by three separate subjects (EP: Case 1, EEP: A and EEP: C) as being influential to the development of their own philanthropic intent, and subsequent realisation of their capacity. The following quote is indicative:



*“I had the time to think and educate myself into what is the next stage. That is when I began to get interested and I visited Skibo Castle and found out about Andrew Carnegie... I began to read and educate myself about Carnegie”.*  
(EP, Case 1)

The historic and contemporary philanthropic influences support the entrepreneurs’ development of philanthropic intent. These enable the entrepreneurs to firm up their philanthropic intentions conceptually, as well as pragmatically, and further support them to consider their capacity as a philanthropist. The primary importance of such external role models is to support the entrepreneur to form a self-identity as a philanthropist. The creation of an alternative identity, ‘philanthropist’, aligns with Maslow’s theory of self-actualisation (Maslow, 1998) and the human desire to reach self-fulfilment. The aspirations of the individual to become more than just a successful and wealthy entrepreneur in their respective sector come to be realised through their philanthropic endeavours. The newly developed identity and role of ‘philanthropist’ facilitates the transfer of the entrepreneur into the field of philanthropy and this premise supports the work of social identity theorists (Terry, Hogg and White, 1999). Importantly, as philanthropists, the entrepreneurs have the opportunity to mix with influential others active in the field of philanthropy who can enhance their new philanthropic interests, but importantly also enhance their own entrepreneurial interests. The emphasis placed on the wealth creation process by the entrepreneurs does not diminish because of their focus on philanthropy. Instead, entry into the philanthropic realm acts to legitimise the process of wealth creation at both an individual and societal level.

Of particular significance is the social acceptance that is placed on the role and identity of ‘philanthropist’. This is further supported by the identification of external role models (Ibarra, 1999), both historic and contemporary, by the entrepreneur as an aid to the creation of an alternative self. This includes prominent philanthropists like Andrew Carnegie and Bill Gates, whose behaviour and attitude to wealth and philanthropy are representative of the culture of entrepreneurial philanthropy. In particular Andrew Carnegie’s use of language and the forthrightness of the Gospel of Wealth match the personal circumstances of the wealthy entrepreneurs (Harvey *et al.*, 2011). The use of such role models by the entrepreneurs supports the creation of a new philanthropic identity, and is also interpreted as a reflection of their ambition.

This is strengthened and facilitated by entry into philanthropy networks, where the entrepreneur can learn the behaviour and language of philanthropy. This supports the entrepreneur's adoption of a philanthropic disposition, which enhances their credibility and acceptance as a philanthropist. Therefore, the ability of the entrepreneur to access relevant networks is important as it is considered a mechanism to raise their profile as a philanthropist and to enhance their philanthropic capacity.

The following quote from a sector expert expands on this finding:

*“Think of philanthropy as a club—once you enter it, you belong to that sector. It is almost like having a Visa card or an American Express card—having it broadens your sphere of action. You don't have to carry cash with you; you have the credentials already to be a member of the club, a member of the circle: you are not an intruder. You have paid your dues already to belong to that circle. In terms of philanthropy, what motivates you is something different, but what entitles you to belong is that you have demonstrated two things. One, that you believe in philanthropy as a means of demonstrating that you care for society and you care for humanity, you care for a cause. Two; that you have acknowledged that with wealth comes responsibility, which is the most important thing. Wealth brings with it social responsibility: you did not acquire this wealth in a vacuum. (Global Sector Expert: A)*

Therefore, the new influences in the life of the entrepreneur are important in shaping the direction of future philanthropic ideology, practices and activities. However, this tends to happen at a point beyond the initial stages of engaging in philanthropy where it is often the spouse, business partners, associates and lawyers who are considered as their critical influencers. The following quotes are illustrative:

*“The main thing was meeting (the now Chief Executive) who actually began to shape what we wanted to do and how he was going to make it happen”. (EP, Case 1)*

*“I don't think you can ever underestimate the importance of (the wife) to (EP) and her influence”. (CE, Case 1)*

*“These are all people that (the EP) knows quite well, the key partners and advisory board, it is all people that he knows quite well”. (CE, Case 2)*

*“Personal networks for the most part back here, so people that I know business contacts and business relationships. Certainly over the last year we have purposefully tried to grow that (network) and prior to that we didn't, but we have really started to grow that. We have a wide and growing network of individuals and companies that we are basically calling upon for support, guidance, material help from a financial point of view, and material help from a skills point of view”. (EP, Case 2)*

Close family members and known, and trusted, business associates are influential in the early days of the entrepreneur conceptualising philanthropic activities. But, as the wealthy entrepreneur becomes engaged and active in the field of philanthropy and begins to formalise a new role and identity as a philanthropist, the entrepreneur's circle of trust evolves to include prominent individuals in the fields of business and philanthropy (evidenced in Case 1, Case 3 and Case 5). Such individuals contribute, influence and shape the philanthropic activities of entrepreneurs by providing an access point to a valuable knowledge and contact base within the field of philanthropy. The following quotes are illustrative:

*“In terms of competitive advantage, if you look at the Foundation as a business, the competitive advantage that (a Board member) brings is a pretty good card to have on your deck that is for sure”. (CE, Case 1)*

*“Everybody would agree that (Board member) who is pure development generally asks the most thoughtful questions about our finances and investment. The finance people (Board members) ask excellent questions about the staging and the scaling of a programme”. (EP, Case 3)*

The inclusion of prominent and influential individuals from the field of philanthropy into the entrepreneur's sphere strengthens access to networks and contacts, knowledge and understanding of philanthropy. Importantly, this positively strengthens the individual status and philanthropic brand of the entrepreneur as they become part of the matrix of information that flows across the networks of philanthropy. In this context the concept of normative isomorphism (DiMaggio and Powell, 1983) is relevant, as it captures the changes that occur at an individual entrepreneurial level and at field level. These changes are a result of the interaction between the entrepreneurs and other prominent players in philanthropy, which help to shape their vision and philanthropic agenda.

The role of philanthropist enables the entrepreneur to gain significant leverage through the connections it facilitates not only in philanthropic activities but also in their respective business pursuits. Potentially this places the entrepreneurial philanthropist in a position where their capacity to impact on society is very real. More specifically, philanthropic activities can potentially shape and produce change if the capacity which the entrepreneur's command over resources provides is truly realised. This in itself could be the most 'pulling' motivator for a wealthy and very

successful entrepreneur to become a committed, active and engaged philanthropist. This stimulates the entrepreneur to develop a more profound sense and understanding of their capacity as a philanthropist and facilitates exposure to and understanding of the legitimate behaviour in this area. This can be interpreted as an important motivator to the entrepreneur's commitment to and engagement in philanthropy. However, the entrepreneur also develops a sense of self-fulfilment and personal reward the further engaged and active that they become in philanthropy.

#### **4.6 The emotional returns of philanthropy**

The entrepreneur's engagement in philanthropy evolves from reactive first steps to a planned and strategic philanthropy route, and as the entrepreneur becomes committed and engaged in philanthropy there is a spectrum of factors that emerge in relation to the emotional returns of philanthropy. These factors are important when exploring the continued motivation of the entrepreneur to engage in philanthropy. The entrepreneur gains personally from the positive emotional returns of philanthropy. This is interpreted as an important motivational factor, the following quotes are illustrative:

*"It (philanthropy) is a very fulfilling engagement. Being able to change things for the better is hugely fulfilling and I suppose it has refocused our money making, because I don't make money for the sake of making more money. Those material goals have all now been satisfied. I am making money now for the Foundation, which is a great motivator and it has made us even more focussed to make money". (EP, Case 1)*

*"I think probably the most important for me, the most satisfying part of giving is knowing the impact that you are having". (EP, Case 3)*

*"It has become a very important part of my life because it is very satisfying". (EP, Case 5)*

These quotes illustrate that philanthropy is both a satisfying and self-fulfilling act. This is an important motivator in the entrepreneur's continuing engagement and commitment to philanthropy and corresponds to the work of Hogg and Vaughn (2005). There is a significant personal emotional gain for the individual from philanthropic activities. However, as is highlighted in the first quote this also acts as a legitimate reason to continue creating and accumulating wealth as the entrepreneur realises how wealth can be applied beyond satisfying their material needs. The desire of the entrepreneur to create wealth does not diminish despite the significant level of

personal wealth. In fact, quite the opposite occurs. The data suggests that the entrepreneurs seek new ways to create and generate wealth (through new venture creation, private equity and venture capital investment). But this time such wealth creation activities are undertaken as a fundamental complement to their new philanthropic activities. The following quotes are indicative:

*“It is really a way of life now; it just seems a natural extension of making money is then to continue to make money but then to put that money to good use. It just seems a natural extension to that”. (EP, Case 1).*

*“People can be in business for the wrong reasons. Certainly, self-ambition and pure avarice are ugly things when you see them. But, ambition for other people, ambition for your community and ambition for your family I think are wholesome things. When we see the benefits that we can contribute to it just determines you to go and be more successful”. (EEP: A).*

Another factor that acts to bond the entrepreneur to philanthropy is the social attractiveness and acceptance of being a philanthropist. This example builds on a previous one and emphasises how being a philanthropist acts to enrich their public profile in a social sense.

*“It (philanthropy) has given me a second career; yes I wouldn’t like to be part of this world and just thought of as an employment agent. I mean when you are trying to be a bloody good employment agent, it sounds great, but when you are a bloody good employment agent it is a bit hollow when people ask you what did you do with your life”. ( EP, Case 4)*

The entrepreneurs extend their network of contacts into the field of philanthropy, which adds value to their philanthropic activities. This corresponds to the value contribution of social capital (Burt, 1995; Coleman, 1988; Slotte-Kock and Coviello, 2010; Jack, 2010). Beyond the value networks bring to their philanthropy, it is clear that the added value extends to the entrepreneurs personal social circle as the individuals that they interact with in the course of their philanthropic activities become embedded in their personal lives. The following quotes are illustrative:

*“It is not just that you helped 10,000 households, although you can sleep fairly well at night knowing that 10,000 kids didn’t die because of you. That is very satisfying and I don’t want to diminish that but there is a nice karma thing. The people that our social life revolves around tend to be people who have those values; we meet them through this work. We meet a lot of really special, understated people doing this really quietly. Just some terrific, terrific, smart, savvy people so that is really nice. You find yourself in this place and that is a nice thing”. (EP, Case 3)*

*“I have met a whole bunch of people that I wouldn’t have met before. Relationships have been very, very different. A whole bunch of people from different walks of life that you would not normally meet”. (EP, Case 2)*

*“Intellectually, we are growing enormously as people in our own understanding of issues and problems and geographies”. (EP, Case 2)*

*“ I have gotten personally an awful lot out of it ( philanthropy), just because you meet people that you wouldn’t normally meet and they have got a set of experiences and a set of values and approach that is different”. ( EP, Case 2)*

These factors provide evidence that the individual ‘philanthropist’ gains personally and emotionally from engagement in philanthropy, as well as in intellectual understanding of complex issues. However, what is also evident is that in addition to these softer emotional returns, there is also a tangible impact on the wealth creation process captured in the following quote.

*“There are people that I meet through philanthropy who we have done business with, that we would never have met if it was purely a business relationship. There is huge interest in philanthropy and therefore it opens a lot of business doors for us as well”. (EP, Case 1)*

Through engagement in philanthropy, this specific entrepreneur is able to identify opportunities and resources that can transform into business deals. This suggests that the returns of philanthropy to the individual are varied and include both personal gains and business gains. This is not an isolated occurrence, and is evidenced in other cases (Case 2, EEP: A & EEP: C). This can be interpreted as an important factor that contributes to the individual’s continued engagement in philanthropy.

#### **4.7 Conclusion**

This chapter has set out to explore why successful and wealthy entrepreneurs become engaged in and committed to philanthropy. More specifically, it seeks to understand the different factors that contribute to the entrepreneur’s shift in emphasis from personal wealth creation to incorporate wealth re-distribution. The findings of this chapter help us to better understand what factors shape the entrepreneur to become a philanthropist. It has established that there is a spectrum of issues that impact on the entrepreneur and influence their motivation and engagement in philanthropy.

There is no doubt that some of the factors of successful and wealthy entrepreneurs to become engaged in philanthropy are located within the altruism/ egoism spectrum (Piliavin and Charng, 1990; Batson, 1994). However, as this chapter illustrates there

are other factors and influences (both personal and environmental) which act to push and pull wealthy entrepreneurs to embrace a philanthropic role. Assuming the role of philanthropist provides the entrepreneurs with significant opportunity to leverage and grow their total capital wealth for maximum impact in philanthropy, as well as, in the process of wealth creation. The distinguishing factor of high net worth, successful and experienced entrepreneurs in philanthropy is their capacity to leverage their capital wealth, to affect change at an institutional level that can shape how other individuals can live their life. This is likely to deepen their commitment to philanthropy. As such, further consideration of the role and influence of entrepreneurship to the psyche, behaviour and approach of the entrepreneur to global philanthropy is an area that requires further consideration and can develop academic discourse on the relationship of wealth creation and philanthropy.

The remaining chapters of this thesis explore the ideological underpinnings, the practices and the deployment of capital into the projects of entrepreneurial philanthropy. In doing so, this thesis will consider how the domain of entrepreneurship becomes the benchmark for what is possible in the domain of philanthropy. The following chapter focuses specifically on the ideological underpinnings of entrepreneurial philanthropy.

## **CHAPTER 5: THE IDEOLOGY OF ENTREPRENEURIAL PHILANTHROPY**

### **5.1 Introduction**

The aims of this chapter are twofold: first to explore the underpinning principles and ideological drivers of entrepreneurial philanthropy; and second to understand the approaches being taken by entrepreneurs in their philanthropy. This is achieved by unravelling the ideals and beliefs of entrepreneurs that form the ideological basis of their philanthropy. In particular, the principles of empowerment, private enterprise and education will be discussed as being central to the entrepreneur's philanthropic endeavours to promote self-help. Self-help is a core ideological theme. Furthermore, the centrality of capitalism to the ideological basis of entrepreneurial philanthropy will be discussed. Entrepreneurial philanthropy is viewed by the philanthropists as a mechanism to reproduce a culture of entrepreneurship whereby private enterprise can flourish and nations can become economically self-sustaining.

Entrepreneurial philanthropists are turning their attention to countries where there is potential for emerging markets, and where the economy is under developed. The continent of Africa has typically been on the receiving end of developmental aid over the past fifty years, but without significant effect (Kharas, 2008). Africa is now receiving significant attention from many new philanthropic organisations (Bishop and Green, 2008; Brainard and La Fleur, 2008)), driven by their entrepreneurial founders to try something new to stimulate social and economic development. As discussed in chapter four, the process of wealth creation and the emphasis that is placed on it by entrepreneurial philanthropists does not diminish with their commitment to philanthropy. The reality is quite the reverse. The entrepreneur's emphasis on creating wealth becomes heightened as a result of their new found legitimacy and capacity to apply personal resources to create prosperity for others. The centrality of private enterprise to the success of entrepreneurs is a significant factor in the views and beliefs that they hold in relation to their philanthropy. More specifically, the core beliefs converge around empowerment, economic and social development and facilitating self-sufficiency. As discussed in the previous chapter entrepreneurs do not arrive at philanthropy independently. There are a number of "influential others" in the lives of the entrepreneurs who help to guide them and to shape their philanthropic path and ideology. The role of influential others in the



formation of an ideology is viewed as important to the philanthropic orientation of entrepreneurs and it is considered later in this chapter. The following sections will examine the underpinning principles and ideology of entrepreneurial philanthropy and begins with the concept of empowerment as a central principle.

## **5.2 Empowering others to help themselves**

The study shows that the concept of empowerment is significant to the ideological formation of entrepreneurial philanthropy. Empowering others to help themselves is strongly evident in each of the major case studies and in the interviews with the emergent philanthropists in the study. More specifically, empowering others to become self-sufficient and independent is considered as a priority in the redistribution of wealth and necessary for the creation of long term social and economic change. Empowerment is viewed by the philanthropists, as a mechanism to end dependence on developmental aid, which continues to fuel the cycle of dependence of countries and people around the world. The following quotes are illustrative:

*“We want to get to the root cause, we want to help people to help themselves, you know it has got to be sustainable” (EP, Case 1).*

*“There is just no point in giving people hand-outs” (EEP: B).*

*“Empowerment, lack of dependency all that type of stuff is just really, really important” (EP, Case 2).*

*“People have to get themselves to a point where they can look after themselves, look after their communities and build up a stronger civil society” (EP, Case 2).*

These quotes illustrate that ending dependence on others and promoting self-help is at the very heart of entrepreneurial philanthropy. This core belief is further elaborated in an interview conducted with a global philanthropy expert, who is a confidante and philanthropic advisor with strong links to high profile philanthropists such as Bill Gates, Bill Clinton and Sir Tom Hunter.

*“When someone is hungry, you don’t give them a fish, you give them a fishing rod- but you also have to teach them how to fish, and sometimes even where to fish...the concept of teaching people how to fish is very important and it’s another aspect of philanthropy, giving people the knowledge they need and help in learning how to use that knowledge, demonstrating how it can be*

*used. That is where entrepreneurship and individual initiative come together” (Global Philanthropy Expert: A).*

This quote illustrates that philanthropy is considered as a mechanism to help people to help themselves. In this context the concept of self-help is important, as it facilitates individuals (empowers individuals) to become self-sustainable. This aligns with the quote from Samuel Smiles the author of the influential classic text *Self-help* published in 1859 and cited (by the President of the World Carnegie Corporation) as being hugely influential to historic Industrialist and philanthropist Andrew Carnegie’s thinking on philanthropy.

*“The spirit of self-help is the root of all genuine growth in the individual; and, exhibited in the lives of many; it constitutes the true source of national vigour and strength.” (Samuel Smiles, 1859)*

The spirit of self-help as advocated by Smiles is echoed by the entrepreneurial philanthropists who consider that facilitating communities to become self-sufficient is a powerful method of helping people to help themselves, to survive, thrive and prosper.

*“We have created a culture of dependency and that is a road to nothing. From an entrepreneurial point of view, you sit up and say philosophically it is about if I give you a hand-out it is going to erode your character. It is bad for you. It is like young men signing away. It is not the depression, it is not the twenties” (EEP: B).*

This suggests that the entrepreneurial philanthropists are building on the ideologies of other historic influential thinkers of the nineteenth century like Samuel Smiles Herbert Spencer, another influencer of Andrew Carnegie (Carnegie, 2006). This is interesting as it suggests that these ideological drivers are not new, rather they can be linked back to previous times. However, what becomes evident in de-layering the concept of empowerment is how the philanthropists believe it can be facilitated: through opening up economic opportunities, opening up markets to trade, and importantly, through the provision of education. The philanthropists referenced here (Cases: 1, 2, 3, 4 and 5, EEP’s: A, B, C and E) believe that such factors strengthen a productive civil society. Therefore, the development of knowledge and skills, coupled with economic opportunities within communities and societies, becomes an important aspect in support of this ideological component.

### 5.3 Education

The study finds that education is viewed as being an important route to the empowerment of people. Importantly, education can be embedded into the structure of society (through institutional change and support), and is considered to be an achievable feat via the associated agency of the individual entrepreneurial philanthropists and their network of influential others. The following quotes are illustrative:

*“We chose education as a liberator. So, that you can get the correct education and you don’t need to go down this desperate route of relying on other people” (EP, Case 1).*

*“If you can empower people; and if they earn money, they are better educated, their kids are better educated and you can grow that group of people that run the country. That, can counter balance the corruption of a small elite of people and it can also counter balance the group of really poor people that is susceptible to mobs and things like that” (CE, Case 2).*

Education is, therefore, an important premise that is embedded in the ideology of entrepreneurial philanthropy. It is considered an important part of the infrastructure that supports young people, their development and the future development of countries. This is evidenced by the fact that all the major case studies are investing heavily in education provision; both in the UK and in developing countries. Furthermore, two of the emergent entrepreneurial philanthropists have chosen to focus on education. However, of real interest in the above quote is the fact that education is considered a necessary part of creating a civil society that values democracy and that can challenge dictatorial elites within developing countries. Important too is the view that the creation of institutional change through the development and strengthening of institutions which aid empowerment is not restricted to education. Rather, it includes meeting the basic needs of humans to enable them to flourish.

*“It is about trying to create change, investing in people mostly young people who are highly disadvantaged, investing in what in essence is infrastructure or environment that enables them to do stuff by themselves ultimately independent of us” (EP, Case 2).*

The focus of the philanthropists turns to investing in systems which create an infrastructure whereby people can be empowered. Education is evidently an

important component of it, but there are other important components including healthcare and economic development as illustrated in the following quote:

*“We think unless you deal with poverty alleviation in a holistic manner and unless you do health, education, water, sanitation and most importantly economic development you are not going to get there” ( CE, Case 1).*

The study suggests that the concept of empowerment once broken down is complex, multi-faceted and focuses on basic human provisions (services that we take as a given human right in the developed West), which support individuals to help themselves and society. Developing infrastructure that is supported through institutional change becomes an important ideological belief, because it is critical in enabling the empowerment of individuals at the bottom of the social strata to lift themselves out of the cycle of poverty and inequality. Clearly this view of empowerment and self-sufficiency is bound up with entrepreneurship and capitalism. Of course this is paradoxical in one sense, as capitalism fuelled by globalisation is attributed as being the cause of rising inequality (Castells, 2004). Nevertheless, the strengthening and support of private enterprise is viewed as an important factor in helping others to help themselves.

#### **5.4 The influence of capitalism and entrepreneurship on philanthropic ideology**

##### ***5.4.1 Capitalism: The dominant force in society and liberator from poverty***

Capitalism is widely perceived as the legitimate and dominant force in society that is fundamental to the creation of wealth (Lane, 2008). It has been fuelled in recent times by the process of globalisation, itself encouraged by political decisions that have heightened the growing divide between the rich and poor (Castells, 2004; Krugman, 2007). Capitalism is viewed by entrepreneurial philanthropists as a liberator, a means to an end that is beneficial to the collective, as well as the individual. Therefore, private enterprise and economic opportunity for all is firmly embedded in the ideology of entrepreneurial philanthropy. The following quotes are illustrative:

*“The targets are the latent entrepreneurial talent in the developing world. The business pent up abilities that are not so much needing to be nurtured but needing to be released. It is estimated there is 500,000,000 micro entrepreneurs in the developing world and less than three percent of them*

*have access to finance. Things we take for granted. If we were to release that..." (EEP: B).*

*"This is charity, but it is not charity if you know what I mean. Our guiding principle in the economic development side is it has to make money otherwise we shouldn't be in it" (CE, Case 1).*

*"I think all roads lead back to economics and good governance. Business has got a responsibility that it hasn't fulfilled, to participate in this. This is what we want to do and is what the focus of a lot of our programmes is; we want to make sure that our company is completely integrated in reaching that" (EP, Case 2).*

The entrepreneurs have benefited significantly from capitalism, whilst simultaneously contributing to the huge social and economic inequalities that now have their attention as philanthropists. Capitalism has empowered and benefited them, and as such, it is considered the way to empower others to become self-sufficient. More specifically, it is believed that through the provision of economic opportunities to individuals that social mobility will result. Perhaps this is related in some way to the social origins of the entrepreneurial philanthropists, most of whom derive from the lower or middle social class groups and who through their entrepreneurship have experienced considerable social mobility. Effectively, private enterprise is accepted as a mechanism that can create social and economic change. Beckhoffer and Elliott's (1986) work on the *petit bourgeoisie* is relevant in this context. They argue that small private enterprises are "essential" for a healthy capitalist economy which is enhanced through the sector's innovation. Furthermore, the contribution of the culture of the *petit bourgeoisie* is viewed by Beckhoffer and Elliott (1986, p. 133) as being symbolically relevant to the ideals and beliefs that are central to a capitalist culture:

*"It (the petit bourgeoisie) has become the custodian of beliefs which form very important parts of the prevailing bourgeois ideology. Above all others, there is the belief in the moral superiority of independence, and the virtue that attaches to success won by your own efforts. Hard work and the satisfaction of seeing your labour rewarded, thrift, together with the security and developmental potential which it brings, are central..."*

The study suggests that the creation of wealth at all levels of society is considered by the entrepreneurial philanthropists to be central to the emancipation of humans who are enslaved by poverty in its broadest sense. The underlying principle of philanthropists who label themselves as transformational and quantum leap funders,

is that the strictures of capitalism facilitate access to economic opportunity. Furthermore, it is fundamental to identifying and exercising solutions to the multi-faceted phenomenon of poverty. As such, there is a conscious attempt by the entrepreneurs through their philanthropic activities to reproduce an entrepreneurial culture that is embodied in the spirit of private enterprise.

#### ***5.4.2 Reproducing and strengthening a culture of entrepreneurship***

By their acceptance and belief that capitalism is the dominant force in society, entrepreneurial philanthropists seek to reproduce a culture of entrepreneurship, which can strengthen the entrepreneurial and self-help orientation of individuals at all levels of society. The belief that a cultural shift towards entrepreneurship is required, in order, to strengthen and to create a productive civil society both in the UK and abroad is viewed as an important principle. The following quotes are illustrative:

*“The big vision is a more entrepreneurial Scotland, starting at primary school then secondary school then tertiary education” (EP, Case 1).*

*“ We are trying to build capability and leadership that passes on through the next generation and leaves things better and that is what we are trying to do ” (EP, Case 2).*

The role of enhancing knowledge and skills in developing the ability of individuals to identify economic opportunities is considered as paramount, and the link back to education is obvious. Education provision is a mechanism through which the entrepreneurial philanthropists can create the necessary entrepreneurial culture and skill base to support economic growth and social renewal at individual, societal and national levels.

The data shows that the advancement of an entrepreneurial culture is inherent in the underlying business principles applied in their philanthropic activities. Highly evident across all of the major cases and in three emergent entrepreneurial philanthropists (EEP: A, EEP: B & EEP: C) is how the culture of entrepreneurship filters through their philanthropic activities (specifically in relation to their approach and practices) down to the various actors, organisations and institutions that contribute to the process of philanthropy. The following quotes are illustrative:

*“It (philanthropy) is very much driven by a belief about marrying business principles with some very important understanding around development and proof of concept” (EP, Case 3).*

*“It (business) absolutely influences it (philanthropy). It is really the only speed of reference that I know so I haven’t found a better way and therefore it (philanthropy) just follows the same principles” (EP, Case 1).*

These comments suggest that the ideological approach of this philanthropist (Case 1) mirrors the ideological approach to business. This differs from the comments of the philanthropist from Case 3, who articulates that the marriage of business principles with knowledge and understanding about development shapes their approach to philanthropy. However, what is evident in both of these comments, and importantly across the data, is that the application of business principles to philanthropy is considered highly important ideologically to at a macro and micro level.

The selection of partners is very much influenced by the desire of the entrepreneurial philanthropists to work with like-minded individuals and entrepreneurial organisations. This in itself is oriented towards the active strengthening of a culture of entrepreneurship. This fits with the concept of homophily (Lazarsfeld and Merton, 1954; Mcpherson, Smith-Lovin & Cook, 2001), where individuals are attracted to become involved with others who mirror their values and culture as a way to inspire and advance their goals. Across all of the case studies and emergent philanthropist EEP:C, there is significant evidence to suggest that homophily is a factor in the approach taken by the entrepreneurs to forming partnerships within the boundaries of their philanthropy. The following quotes are indicative:

*“It is a culture fit, absolutely, their speed of responsiveness and their shared vision that is key criteria in partnering up” (EEP: C).*

*“I think there was a real meeting of minds and a kind of common philosophy around really getting to impact” (Investment Recipient A, Case 3).*

Through the partnerships that are developed entrepreneurial philanthropists seek to strengthen and reproduce an entrepreneurial culture. This is strengthened by the philanthropists when they seek to recruit entrepreneurial-minded individuals to the project teams where they identify a gap that requires to be filled. The following quote is illustrative:

*“We have now populated those teams with very entrepreneurial people. So, we have made some mistakes and we have learned some lessons, but they will stand us in good stead”, (CE, Case 1).*

It is evident that significant value is placed on partnering with and engaging people in the process who are entrepreneurial, who have ambition to create impact beyond specific localities by reproducing an entrepreneurial culture. Importantly, across the cases there is a highly developed entrepreneurial disposition, evident throughout the entire entrepreneurial philanthropy team, the chief executive, and members of staff in the foundation, core recipient/ investees, and in the organisations with whom they choose to partner with. All of this is interpreted as supporting the premise that entrepreneurial philanthropy is centred ideologically on developing and strengthening an entrepreneurial culture at all levels of society. This suggests that entrepreneurial philanthropists approach the creation of an entrepreneurial culture at a strategic level as well as at a micro level. The development of an entrepreneurial culture is fuelled by the application of business principles in the philanthropic activities of the entrepreneurs. As such, the application of business principles to philanthropy serves as an important ideological component.

## **5.5 The influence of business experience and practices on ideology**

### ***5.5.1 The transferability of practices and principles of business***

The data shows that the entrepreneurial philanthropists firmly believe in the application of business principles and practices. Although related to the reproduction of an entrepreneurial culture in a broader sense, it is also distinct. The application of principles and practices associated with business activities in the field of philanthropy is considered by the entrepreneurs as being important to how they conduct their philanthropic activities. This is evident in all of the cases and across all of the emergent entrepreneurial philanthropists. The philanthropists believe that at an organisational level their foundation needs to be entrepreneurial and team oriented to be effective, much in the same way that successful entrepreneurial ventures and investments are credited with (Knockaert, Ucbasaran, Wright and Clarysse, 2011). The integral components of entrepreneurship – creativity, opportunity recognition, harnessing resources, leveraging of resources, taking and managing risks, failure, business rigour and return on investment – (Kuratko, 2007) are considered relevant



by the philanthropists. Therefore, the domain of entrepreneurship serves as the main point of reference in how such individuals approach and conduct their philanthropic activities. The following quotes are illustrative:

*“Indeed it is just seeing opportunities and then just going with the resources that you have and the best things that you have and just grow it and see how it goes” (CE, Case 2).*

*“It is all very entrepreneurial, so it is very much how he (the philanthropist) does business as well” (CE, Case 2).*

*“It is a business-like approach. It is determining at the outset what you want to achieve; agreeing that with your partners, agreeing what success looks like over a time period, and then breaking it into manageable chunks ” (EP, Case 1).*

These quotes illustrate that the principles of entrepreneurship are central to the approach taken to philanthropy by these specific entrepreneurs (Case 1 and Case 2). Philanthropy is viewed as a process of opportunity recognition, and where resources are harnessed to exploit those opportunities. These are fundamental components of entrepreneurship (Kuratko, 2007) and the link to philanthropy is evident.

#### ***5.5.2 The role of business experience in shaping ideology: embracing ambiguity, uncertainty and applying intuition***

The principles of entrepreneurship applied in the philanthropic activities of entrepreneurs are a reflection of their experience in the domain of business, and enable them to draw on their personal and business learning. This is important ideologically, as it introduces the concept that entrepreneurial philanthropy is about more than just the simple redistribution of wealth in monetary terms. Rather, along with the obvious giving of money, there is another layer of value added to the field of philanthropy by the active engagement of successful entrepreneurs. The following quotes are illustrative:

*“ It (philanthropy) is a commitment of time, commitment of energy, commitment of effort, commitment of, yes, some money but that it is not going to be a ‘giving’ thing. In fact, I can’t. I actually get uncomfortable if it is just about the, here is the money” (EP, Case 2).*

*“It (philanthropy) is really about being the engaged funder throughout the process that it isn’t done once you have written the cheque. So that is a big piece of our thinking” (EP, Case 1).*

More specifically, the knowledge and experience gained by successful, ultra high-net worth entrepreneurs from creating, growing and in some cases selling their own entrepreneurial ventures is applied to their philanthropy. Importantly, business experience supports the entrepreneurs to rationalise their approach and decision making. For the most part, business experience frames their views on risk, and operating (in philanthropic terms) in areas of ambiguity and uncertainty which are characteristic of the African countries where many of these individuals are focussing their philanthropy. The following quotes are illustrative:

*“Just to be clear, it (philanthropic activities) could be a complete and utter failure” (CE, Case 1).*

*“There is always a part of it (philanthropy) where some of it is intuitive” (EP, Case 3).*

*“He (the philanthropist) said just skip that chapter because the list of risks are endless and we will just take them as they come and deal with them” (CE, Case 2).*

These quotes illustrate the principle of operating on the edge of ambiguity which occurs in entrepreneurship (Kanter, 1983; Hill and Levenhagen, 1995) transfers over into the practice of philanthropy. Within this context, the entrepreneurial disposition is significant to what the philanthropists do in their activities. This is supported by their acceptance of, and the value placed on, the application of intuition and instinct in their philanthropy, similar to their approach in their entrepreneurial careers (Mintzberg, 1973; Mintzberg and Waters, 1982). It is evident that the philanthropic activities beyond the UK tend to be in areas of political, social and economic fragility, for example in countries like Rwanda, Malawi, Kenya and Ethiopia (Cases: 1, 2, 3 and 4). Therefore, elements such as uncertainty, ambiguity, instinct and intuition are embraced and accepted as an important part of the ideology. The entrepreneurs recognise there are no guaranteed returns from their philanthropic activities. This is despite the value they place on taking calculated risks by drawing on and commissioning expert research and local relevant knowledge.

The data shows that the principle of rigour transfers over from business to philanthropy and is relevant to the philosophy of entrepreneurial philanthropy. Evident across all of the case studies (Cases:1, 2, 3, 4 and 5), is the emphasis placed on applying rigour in philanthropy, especially in terms of agreeing outcomes, key

performance indicators and the allocation of funding with recipient organisations. This is similar to the rigour applied by venture capitalists in their investments (Steier & Greenwood, 1995; Sapienza, Manigart & Vermeir, 1996; Sahlman, 1990). In this sense entrepreneurial philanthropy is also conducted in a measured way. This can be interpreted as a mechanism used to manage the risk of their philanthropic investment. The following quote is illustrative:

*“Our partners need to open up to quite a lot of rigour so we are going to agree what the outcome is and we are going to break it into six monthly or quarterly reports. We are going to drip feed the money in against those, and if it is not going that way then we are holding back the money. It is quite a rigorous process” (EP, Case 1).*

This quote illustrates the ideological bond between the practices of entrepreneurship, in particular those of venture capital, and the practices of philanthropy. The rules of engagement between philanthropist and the recipients of philanthropic support, and third parties working in partnership with foundations, is structured and mirrors the structured relationships that are pivotal to business. This is a common theme across all of the case studies. Within this context, developing and managing strong productive relationships is considered as being important to entrepreneurial philanthropy and enables the philanthropists to leverage their wealth significantly. However, this relationship travels beyond the cooperative relationship that is characteristic of that between a venture capitalist and an investee (Steier and Greenwood, 1995; Sapienza and Korsgard, 1996; Cable and Shane, 1997; Shepherd and Zacharakis, 2001). Evident in all of the case studies that are actively involved in developing emerging markets (Case 1, 2, 3, and 4) is the value placed by the philanthropists on developing a contextual and cultural understanding of local communities.

The data shows that the development of localised and contextual knowledge is considered as an important principle within the context of philanthropic activity in developing countries. This relates to the central premise of the entrepreneur which is, *“to do good and not harm”* through their philanthropy as argued by the entrepreneurial philanthropist in Case 2. The entrepreneurial philanthropists (Cases 1, 2, 3, 4, EEP: B and EEP: C) acknowledge that it is very easy to make assumptions

about what countries entrenched in poverty need, but that such assumptions can do more harm than good. The following quotes are indicative:

*“We can’t know things in the same way that local people do. We need to engage with that and understand that as best as we can” (FW, Case 2)*

*“You have to be so much more responsible than with the business as what you are dealing with is vulnerable people and you have to be so careful in what you do and everything that you do” (CE, Case 2).*

These comments highlight the need to develop an understanding of the local economic, political and cultural context to support the identification of plausible and realistic solutions. In this respect, the philanthropist (Case 2) seeks to access knowledge on the ground of the conditions in the community and other factors which contribute to the challenges within that region. Case 2 is an operational foundation that has created a social venture in Kenya which supports the vocational and educational training of young vulnerable adolescents and provides employment opportunities post training. The foundation also supports social development programmes relating to children in poverty who live in the Kibera slum in Nairobi. It seeks to find a way to engage the children through education, social service support and extra-curricular activities to aspire towards social mobility through the recognition that education opens the door towards economic independence. Therefore, the grassroots approach to creating incremental change requires the development of contextual knowledge of the locality, more generally the entrepreneurial philanthropists seek knowledge and expertise through networks and contacts on the ground within the regions where they are targeting their philanthropy. This enables them to begin to develop a realistic understanding of local and regional needs, with which knowledge they can leverage resources from others.

It has been emphasised that, ideologically, entrepreneurial philanthropy is more than just the giving of money. The data shows that the philanthropists acknowledge that through their entrepreneurial success and career they have developed knowledge, experience, contacts and networks that are valuable to their activities. They believe that their entire resources, which translate as their entrepreneurial capital (Erikson, 2002; Firkin, 2003) should be applied and used to leverage and influence further

resources in the philanthropic solutions that they seek. This is viewed as necessary if institutional change is to be championed as a way to affect social change for the benefit of society. The significant amount of entrepreneurial capital (Erikson, 2002; Firkin, 2003) owned by the philanthropists, supports their pursuit of institutional change, which is unlikely to happen without the ownership of significant resources and access to powerful and influential individuals, which such entrepreneurial philanthropists cross paths with.

The data shows that the development of strategic partnerships enables the philanthropists to access further resources. This includes: gaining access to elite political circles who can influence policy and institutional change (as evident in Cases: 1, 3, 4 and 5), accessing academic experts with valuable knowledge (Case: 1, 2, 3 and 4), the agreement to a process of matched funding with governments (Case 1, 3, and 5) where the governments match the philanthropist's investment pound for pound (evident in the UK philanthropy of Case 1 and Case 5). The philanthropists believe that they can direct their entrepreneurial capital to have maximum impact in localities that require maximum effort, through leveraging their resources and influence and that of their partners to create social and economic wealth.

### ***5.5.3 Return on investment: The creation of social and economic wealth***

The final business principle which transfers over from entrepreneurship to philanthropy is return on investment. The data illustrates that the entrepreneurs view their philanthropy as an investment. More specifically, they seek a return on their application of capital (in its broadest sense). This fits with the rigour being applied in their philanthropic activities, and in the application of key performance indicators, as mechanisms to monitor, measure and manage risk to produce outcomes that provide a return on their investment. The return sought is the creation of social wealth as opposed to financial wealth. Social wealth refers to economic, social, environmental and health factors of human wellbeing (Zahra *et al.*, 2009). Although, what will become obvious in the following chapter is the entrepreneur's eye for a business opportunity is always open, meaning that in some cases a financial return can result as a by-product of the philanthropic activity.

Fundamental to how the entrepreneurs conceptualise their philanthropy is that they invest philanthropic capital with the expectation that a return will be generated. More specifically, they engage in philanthropy with an expectation that there will be a significant social return from making what they believe to be a philanthropic investment. The following quotes are illustrative:

*“Everything is driven by return on our investment and I don’t mean a financial return but a return in terms of people making more out of their lives” (EP, Case 5).*

*“In applying the business principles we will say there is a cost to doing every activity and we expect a return. We only want you to do the ones that have the highest value and it is a real mindset change in the way that we work with organisations and in how we think about what we are going to invest in” (EP, Case 3).*

*“Instead of giving my money to a cause full stop, I prefer to invest in something” (EP, Case 4).*

*“Over the course of the first six or seven years of (name of charitable organisation), (the) Foundation donated around £600,000 to set up and establish (it), and since it started (the charitable organisation) has now donated about £18,500,000 to projects in Ethiopia. So it is a brilliant return on investment if you look at it that way” (Programme Director, Case 4).*

Throughout the case studies and interviews with emergent entrepreneurial philanthropist the findings support the premise that ideologically, the principles of investing are fundamental to the principles of entrepreneurial philanthropy. This supports the existing discourse on venture philanthropy (Letts *et al.*, 1997; Pepin, 2005; John, 2006). As the above comments illustrate this occurs across different dimensions of the process of entrepreneurial philanthropy. The philanthropist in Case 5 articulates that everything he does is about generating a return of people making more out of their lives. In this context, the specific return on investment sought is from the end beneficiary. This is different to the return on investment that is sought by the philanthropist in Case 4, whose financial resources applied in philanthropy are used as start-up capital for a charitable organisation. The interesting factor is that this specific charitable organisation raises other finance through public donations fundraised by direct mail campaigns. The above comments of the programme director of the charitable organisation in question state the initial £600,000 philanthropic donation was viewed as an investment that sought a financial return through the public donations that were subsequently raised. It has seen an impressive

return of £18,500,000 raised through charitable donations, all from a £600,000 investment. This example demonstrates that there is a return on investment sought at both a macro level and a micro level within the process of entrepreneurial philanthropy.

### **5.6 Evangelising philanthropy: The way forward**

In keeping with their historic and contemporary counterparts the entrepreneurial philanthropists are ideologically aligned to spreading the word of philanthropy to their peers. The data shows the entrepreneurial philanthropists freely share their opinions and beliefs among their peers that it is the duty of all wealth bound individuals to apply their wealth in a manner that is productive for the benefit of others. This is an ideological component that is highly evident across the case studies (Case: 1, 2, 3 and 4). However, the philanthropists approach this in very different ways. For example, in Case 1 the entrepreneurial philanthropist has taken a very high public profile in talking about and publicising his activities through various media and public speaking engagements. This specific individual has publicly pledged to give all of his wealth to philanthropy whilst alive and strongly advocates that others should do the same. Interestingly, this was before Bill Gates and Warren Buffet followed suit in the US (as recorded in the *Financial Times*, 27/06/2007). The following quotes are illustrative:

*“We have taken a very positive media stance where perhaps others haven’t, especially Scots. I really do see and I don’t want to come across as arrogant, but if nobody says what they are doing then you can’t influence anybody. You know, if somebody out there says, oh good I am going to do this, then that would be fantastic wouldn’t it?” (EP Case 1).*

*“Tactically this is the goal, above the parapet; we want to encourage more people to think about it (philanthropy)” (CE, Case 1).*

*“I don’t really do business talks anymore If I am going to speak I am going to speak about philanthropy that is a kind of conscious effort that I make now” (EP, Case 1).*

The evangelical nature of this individual is similar to his American contemporaries Bill Gates and Warren Buffet, but also to Andrew Carnegie who publicly pledged his wealth to philanthropy and did so in a forthright manner in his writing the ‘Gospel of Wealth’ (Carnegie, 2006). Andrew Carnegie is cited by this individual as being a key role model to him in his philanthropy. Interestingly, Andrew Carnegie is also cited

by Bill Gates and Warren Buffet as being highly influential (Bishop and Green, 2008).

In contrast to the determined and strategic public profile approach to philanthropy, the philanthropists in Cases 2, 3 and 4 apply a considerable amount of time to evangelising philanthropy to their peers in a quieter and more reserved way. Instead, they opt to host private dinner parties, or small events for a select few to bring them on board with their ideals about wealth and what it can be used to achieve. For example, in Case 2, the entrepreneur has sought to develop a model whereby other trusted business figures are invited into the “fold” by joining their philanthropic engagements and activities and committing the application of their time, knowledge, expertise, skills, contacts, networks and money. It has resulted in the renaming of their foundation to reflect the multiple players now involved who are contributing their own personal resources and business resources.

This is developed further by this particular individual who has sought to involve his own employees in philanthropic activities, through providing them with opportunities to contribute to the foundation through payroll giving. This is as well as providing opportunities for employees to make a more personal contribution to the foundation, through the giving of their time and skills to specific projects that the foundation champions in Kenya. In this instance, the employees will take annual leave to go to Kenya and visit the projects, but their travel and accommodation are paid for by the philanthropist. Importantly, this is all within the framework whereby the purpose of their visit is to focus on the application of their skills and knowledge to specific projects that address the specific needs of such projects. The following quote is illustrative:

*“Yes, so twice a year we offer the opportunity. We send an email out (to employees) to say next volunteer trip is coming up, so people apply. We then select the people who can go. We fund the flights and they usually stay in (philanthropist’s) house with (his) driver, and then they just have to take a week’s holiday or unpaid leave and they just get to see a lot when they are there. So it is not just about what they contribute it is what they also get out of it. They usually help with something specific, and ideally something, that they can also take on once they are back here” (CE, Case 2).*

In a similar manner Case 3 actively hosts small dinner parties and Round Table events for peers whom they believe have minimum philanthropic intent. The small



dinner parties being hosted by the philanthropist present a platform whereby they can communicate their own ideals, and enable them to showcase the projects with which they are involved. The purpose is twofold: first to engage other high net worth peers in the process of philanthropy, and second, to present an opportunity to fundraise for specific projects. Importantly, this approach enables the philanthropist to leverage the wealth of others for the projects that they support. The following quote is illustrative:

*“(Our) view is that there is a lot of untapped potential for giving among our peers. (We) approached people who were making substantial amounts of money and were not, to our knowledge, giving any away at all, or to issues affecting the developing world. This we hoped that we could use this exciting initiative (one of their projects) as an entry point for them (their peers) into Africa –based philanthropy” (EP, Case 3).*

The actions of the philanthropist in Case 3 demonstrate the very active thought process of encouraging peers to become engaged in philanthropy and to consider the relevance of Africa-based philanthropy. Yet, the philanthropist in Case 4 has a different approach. This particular example fundraises through public donations for the projects supported. In one sense, this is evangelical as conceptually it is about encouraging others (albeit outwith their peer setting) to engage in charitable giving. However, the philanthropist has also invited a select number of business individuals to visit the country where he directs most of his philanthropic capital (Ethiopia). The purpose of the visit is to learn about the social, economic and political context of the country first-hand and also to see prospective projects being considered (establishing a Business School within a University). It is hoped that such a visit will encourage the select visitation group to support the development of the business school. In a similar way to the work place activities of the philanthropist from Case 2, this person offers secondments to his employees to work in his philanthropic foundation. The following quote is illustrative:

*“We (the commercial organisation) have a three year training programme so we say come and work for (the charitable arm) in your first year and see what you want to do after that, some of them (employees) get that out of their system and then apply for commercial (EP, Case 4).*

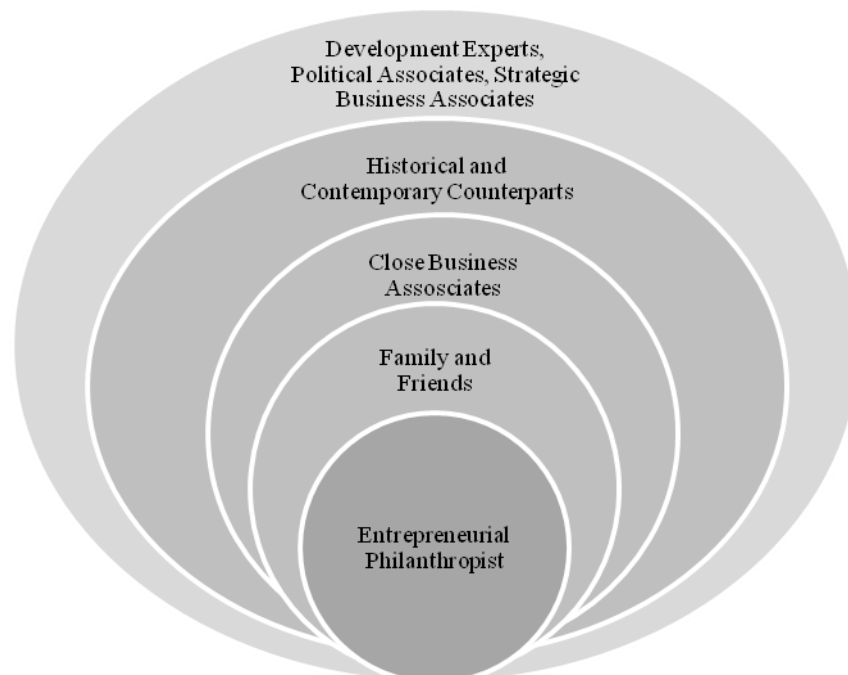
Through the examples provided the data shows there are different approaches being taken to the evangelising of philanthropy. Furthermore, the championing of

philanthropy and of the responsibility attached to wealth is a fundamental underpinning principle. However, Case 5 stands apart on this issue as there are no determined attempts by the individual to spread the word about philanthropy. The public profile of this individual in relation to philanthropy is developed through media reports. The data suggests that the reproduction of a culture of philanthropy is ideologically important to entrepreneurial philanthropy.

### **5.7 Key influencers in forming the ideology of entrepreneurial philanthropy**

The entrepreneurial philanthropists articulate that establishing a view of what the underpinning principles of their philanthropy is, evolves over a period of time. The study suggests that similar to how entrepreneurs use their social ties to seek advice and information as they set out to create a new or to grow an existing venture (Hite and Hesterly, 2001; Vissa and Chacar, 2009), the entrepreneurial philanthropists actively seek advice when beginning to form their own ideology of philanthropy. Within this context, the philanthropists develop a circle of trust, surrounding themselves with individuals who are significant others (in a personal, business and developmental sense). The individuals within the philanthropists circle of trust act to shape and influence the philanthropist throughout the different stages of what in essence becomes a philanthropic career.

**Figure 5.1: The circle of trust**



There are a number of individuals who are present in the lives of the entrepreneurial philanthropists who influence and shape the way that they think about philanthropy. This is conveyed in diagram 5.1, which illustrates the importance of family and friends, trusted business associates, historical and contemporary philanthropist counterparts, development experts, political associates and strategic business associates. It is important to note that the order of the above changes over time and is dependent on the stage of the individual's ideology formation and development. In the early stages of their philanthropy an inner circle of trust is drawn from friends and family, who are important to how the individual understands and approaches the task. In particular, spouses and parents are cited as being influential in the early stages of conceptualising philanthropy. This process is supported by the input of close business associates, who act as a sounding board to the entrepreneur but who can also become fully fledged trustees of the foundation. The following quotes are indicative:

*"It was my dad who said, why don't you just treat it like a business and what would you do if it was a business you would go and hire the best Chief Executive you could and you would get on with it" (EP, Case 1).*

*"We started like everybody else; we started with a Board that was about people that we trusted to protect our interests" (EP, Case 3).*

*"It is about personal relationships that we have built up over a long period of time, that is, people that we know and that we trust" (EP, Case 2).*

The data shows that gradually, the circle of trust alters and broadens to include other knowledgeable and influential individuals, from the domains of politics, philanthropy, the international development sector and business. The analysis conveys that a more strategic process is employed by the philanthropists as they move beyond the early stages of their ideology formation, through identifying and selecting individuals of stature and of value, to become part of their influential and valuable circle of trust. It is no real surprise that such individuals have connections with a productive value (Coleman, 1988; Laird, 2006) that facilitate their philanthropic endeavours. The following quotes are illustrative:

*"We are having someone come to the Board this time who used to be a minister of health in Africa" (EP, Case 3).*

*"The deal with Clinton I think let us, well there had been Foundations that have been in Africa for twenty years that are nowhere near where we are in*

*terms of accelerating the curve in terms of government response and government engagement, getting things done, moving the end game as we have got country agreements” (CE, Case 1).*

The data suggest that as the entrepreneurial philanthropist develops a conceptual understanding of philanthropy they widen the circle of trust to include individuals whose knowledge, experience, skills and influence is productive in relation to their philanthropy. In particular, the fields of international development and politics are capitalised on. This is viewed as a significant consideration in how the entrepreneurial philanthropists conceptualise, envision and conduct their philanthropy.

The data illustrates the role of contemporary and historical philanthropists who the entrepreneurial philanthropists are influenced by. The names of Andrew Carnegie and Bill Gates are peppered throughout the data as individuals whose approach to wealth creation and philanthropy they admire. This suggests that the entrepreneurs are reflective and considered in their approach, which relates to the work of Schervish (2006). Furthermore, it suggests that they seek to enlighten and model themselves on historic and contemporary counterparts (Ibarra, 1999) which influences the individuals own thoughts on philanthropy. This, along with the strategic recruitment of knowledgeable and influential individuals into the philanthropist’s close circle (of confidantes and advisors) is indicative of what is interpreted as a serious desire to impact on a social agenda.

However, it is also plausible to speculate that the individuals recognition of individual agency from their wealth places them in a position which they recognise should not be squandered. The power of command over resources opens doors and releases opportunities, which are unrealistic for someone of average or modest wealth. Thus, the individual’s recognition of agency and the subsequent opportunities that become visible may also be an internal driver as to how the entrepreneur approaches their philanthropic endeavours.

## **5.8 Conclusion**

This chapter has presented the underpinning principles and ideological drivers of entrepreneurial philanthropy. Fundamentally, philanthropy is viewed as a mechanism to empower others — individuals, societies and nations — through championing the

concept of self- help and a culture of entrepreneurship, which they believe positively reinforces a productive civil society. Capitalism is viewed as the dominant economic vehicle and is supported through the ideological beliefs and practices of entrepreneurial philanthropy. Capitalism has facilitated their own accumulation of wealth, evident in the vast personal fortunes that the philanthropists have amassed. Ideologically, it is believed to be the mechanism to lift up those at the bottom of the social strata to a position where they can become independent and self- sufficient. Their core belief is that capitalism provides ample opportunities for society to create economic and social wealth, which can empower individuals to thrive and become independent. Empowering individuals to help themselves is ideologically at the core of entrepreneurial philanthropy. This is not unique to the 21<sup>st</sup> Century, as is evident in the following quote by Smiles:

*“Whatever is done for men or classes, to a certain extent takes away the stimulus and necessity of doing for themselves; and where men are subjected to over guidance and over-government, the inevitable tendency is to render them comparatively helpless” ( Smiles, 1859).*

The chapter has established that the ideological basis of entrepreneurial philanthropy is not new; rather it is a continuity of the entrepreneurial mind-set that is evident in philanthropy throughout and over time. More specifically, through the actions of historic, progressive entrepreneurs turned philanthropists including; Andrew Carnegie, John D Rockefeller and other influential thinkers of times past like Samuel Smiles and Herbert Spencer (Smiles, 1859; Carnegie, 2006; Nasaw, 2006, Fleishman, 2007).

In support of the core principles of self-help and empowerment, the entrepreneurial philanthropist’s wealth in its broadest sense is considered valuable and legitimately applicable to the practice of philanthropy. Perhaps, this is a result of the entrepreneurial mind-set and disposition of such individuals, their belief that applying ‘total’ wealth and leveraging it significantly can harness further resources for their philanthropy, beyond their own provision. There is recognition that despite their own considerable individual command over resources, that it will take more than the philanthropists offering to make a difference to the social and economic problems being targeted.

Ideologically, the approach of entrepreneurial philanthropy is to create systemic and institutional change as opposed to treating surface issues, which in some cases is necessary, but changes very little in the long term. Within this context, the important issue is there is recognition by the philanthropists that change can be created through influencing institutions, systems and culture. The conceptual significance of this should not be underestimated. This is further emphasised through the importance placed on fostering and developing productive relationships within philanthropy, that cross over between the domains of politics, business and international development.

The ability of the individual to make the transition from entrepreneur to philanthropist engaged in identifying and piloting solutions to global endemic social and economic problems (poverty in its broadest sense), is only realistic because of the capacity to connect and mix with individuals who are hugely influential in global society. More specifically, the approaches pursued are only possible because of the connections to influential political, development and business elites at a national and international level and a direct result of the power that their command over resources brings. Therefore, it follows that the very nature of these individuals' entrepreneurial disposition and their significant resources enables them to exercise control over their philanthropy (even within the strategic partnerships that they develop) to make a difference under their terms. However, in what way the espoused ideological drivers of entrepreneurial philanthropy transfer over in practice remains to be proven and the remainder of this thesis seeks to bring clarity to the practices of entrepreneurial philanthropy.

## **CHAPTER 6: THE PRACTICES OF ENTREPRENEURIAL PHILANTHROPY**

### **6.1 Introduction**

This chapter aims to develop an understanding of the practices of entrepreneurial philanthropy. It considers the tools, techniques and methods used by high net worth entrepreneurs in pursuing their philanthropic goals. The chapter divides into five main sections comprising the introduction, three empirical findings sections and a final conclusion section. Following the introduction, section 6.2 presents the organisation of entrepreneurial philanthropy and introduces the foundations through which the entrepreneurial philanthropists manage their philanthropic activities. It discusses the role of the board and the resources made available through individual board members, and considers the different ways that each foundation is funded. Section 6.3 focuses on the process of entrepreneurial philanthropy and identifies the key stages of the philanthropic process including the active targeting of investees, how investments are shaped and defined, and the active management of investments. Section 6.4 considers the role of partnerships in entrepreneurial philanthropy in facilitating the transfer of knowledge, the leveraging of resources, and the scaling up of activities. Finally, this chapter concludes with section 6.5 which draws together the main empirical findings and considers the extent to which theory is supported, and where theory might be modified to better reflect the empirical findings of this study.

It is first useful to re-consider the ideological drivers of entrepreneurial philanthropy and the core components that form its underlying principles. The data has shown these to be the empowerment of individuals, communities and nations through private enterprise and education to promote self-help. Self-help is a core ideological theme of entrepreneurial philanthropy. This is supported through institutional change and support mechanisms that strengthen the resolve of individuals to help themselves. The philanthropists believe that capitalism as a system is the key to liberating individuals from poverty. This is paradoxical as it is recognised as contributing to rising inequality within and between nations (Castells, 2004). Primarily, the philanthropists believe that capitalism is fundamental to the creation of wealth and that by stimulating a culture of entrepreneurship the capacity of individuals, communities and nations to generate their own wealth and become

economically self-sustainable will be strengthened. Primarily, this is considered to be achievable through the provision of education that instils an entrepreneurial culture, and equips individuals with the knowledge, skills and confidence to become engaged in private enterprise activity and to identify and grasp opportunities. Furthermore, it stimulates and supports the growth of private enterprise by creating or strengthening appropriate infrastructure and trade routes.

However, it is also acknowledged that education and private enterprise alone cannot solve the social and economic complexities of poverty. The philanthropists recognise and believe that taking a holistic approach to tackling poverty is necessary if meaningful change is to be an outcome. In this respect, addressing the basic needs of humankind through providing access to clean water, sanitation, education and healthcare is an important goal. These factors are recognised as being important for the creation and strengthening of civil society. It is believed that by meeting basic human needs, individuals, communities and societies can be empowered and equipped to develop in a social, political and economic sense.

The belief in the need for a strong civil society is married with a philosophical belief that the creation of wealth should be used to create social wealth (Zahra *et al.*, 2009), which, in turn, can be achieved by developing a culture of philanthropy. The data suggests the entrepreneurial philanthropists believe that wealth holders are duty bound to use their wealth for the benefit of others. Fundamentally, this reinforces and legitimises the process of private wealth creation as being ideologically bound to philanthropy. Importantly, there is a belief that successful and wealthy entrepreneurs can add value to society by applying their knowledge, expertise, networks, contacts and reputation, as well as their personal wealth. Critically, this introduces the conceptual premise that entrepreneurial philanthropy is not just about the giving of money, rather, it is about the participation of the individual wealth holders and the application of their entire resources. Related to this is the philanthropists' belief that bringing the entrepreneurial habitus to the field of philanthropy is beneficial to society.

The data illustrates that successful entrepreneurs are rich in resources of four forms of capital— economic, social, symbolic and cultural— which they have accumulated



through their entrepreneurial career and continue to employ in their philanthropic activities. Each of these capital forms infuse, enrich and facilitate the philanthropic practice of the entrepreneurs. Therefore, the data suggests that entrepreneurial philanthropists bring much more to their philanthropy than simply giving money. They also invest their social capital (contact and networks), cultural capital (knowledge and expertise) and symbolic capital (reputation and status). Philanthropy therefore represents an exciting new field for entrepreneurial endeavour where the focus and resources of the entrepreneur shift in varying degrees from business to the social field.

The emphasis placed by entrepreneurs on the application of different types of capital in philanthropy supports the theoretical supposition that the entrepreneurial philanthropists' command over resources (Clegg et al., 2006) translates into significant power, in the form of economic, social, cultural and symbolic capital (Bourdieu, 1986). Successful and wealthy high net worth entrepreneurs, who form the basis of this study, have command over significant resources from which they develop hyper-agency (Schervish, 2003, 2005). More importantly, these individuals recognise the power their wealth affords and thus provides them with the capacity to become a producer of change through engagement in philanthropy.

The previous chapter outlined the ideological underpinnings of entrepreneurial philanthropy as being historically rooted in entrepreneurial capitalism. This introductory section has presented the aims of this chapter and a resume of the ideological drivers of entrepreneurial philanthropy, and reconnected these to the theoretical framework and broader context of this research. Moving on from this, the connection between the ideological drivers, the theoretical premises and the actual practice of entrepreneurial philanthropy requires to be examined. This will now be considered through exploring the practices of entrepreneurial philanthropy relating to the organisation, the process and the role of partnerships in entrepreneurial philanthropy.

## **6.2 Entrepreneurial philanthropy in practice: foundations, boards and governance**

### ***6.2.1 Establishing a Formal Vehicle of Philanthropy***

The data shows that the creation of a formal institution is considered to be fundamental to the practice of entrepreneurial philanthropy. Across all of the cases (1, 2, 3, 4 & 5) each philanthropist has established a formal foundation from which to manage, administrate and strategise their philanthropic activities. Each foundation has a chief executive in place to lead the organisation (guided by the entrepreneurial philanthropist). The foundation comprises a small team of core support staff who typically come from a commercial background (a commonality across Case: 1, 2, and 4). Interestingly, Case 3 has a considerably larger number of operational staff in the foundation (in 2008 there were 16 employed staff and in 2011 this number has risen to 33), which reflects the philanthropic spend and current scale of activities. In this particular case, the employees have a mix of both business and development backgrounds. The exception is Case 5 where the core foundation staff (a chief executive and project manager) come from a government and third sector background respectively. The chief executive of the foundation is a former civil servant (who was originally seconded from government to the post). The project manager has an Arts Funding Council background and is fully versed in the grant application process and awarding of grants to third sector organisations. In this case the employment of these two specific individuals translates into the ownership of strong national political connections that can be capitalised by the philanthropist, and detailed knowledge of the philanthropic sector (through the project manager). This is in itself reflective of the traditional grant awarding route that this particular philanthropist has followed in his philanthropy.

In all of the cases, the foundation represents a lean organisation where overheads are deliberately kept to a minimum, and typically subsumed within the main business. More specifically, the foundations (of Case: 1, 2, 3 and 4) are located within the formal commercial business premises of the philanthropist to minimise the additional costs of the foundation. This approach also allows the philanthropists to draw talent from the people already employed within their business and directly engage them in

their philanthropic activities. This is an example of how resources are harnessed by the philanthropists and leveraged from their business domain into the social domain. This is also reflective of EEP's: B and C who have housed their foundations within their business headquarters. This suggests that the philanthropists recognise the importance of harnessing resources and reducing the cost base in their philanthropic activities similar to their approach in business. Collectively, the entrepreneurial philanthropist, their foundation chief executive and the core foundation staff will be referred to throughout this chapter as the philanthropy team.

**Table 6.1: Outline of the Foundation**

Case study	Year Foundation Established	Mode of Funding	Size of staff and nature of employment ‡	Staff Background
Case 1	1998	Endowment and Investment Link*	1 x CE (FT) 1x Project Manager (FT) 1 x Project Manager (PT) 1 x Admin staff (FT)	Business
Case 2	2005	Endowment through business and major partner donations**	1x CE (PT) 10 X Project workers 1 x PT Administrator ( significant base of volunteers)	Business and social development
Case 3	2005	Investment link***	1 x CE (FT role but Probono) 33 x Operational staff (FT).	Business and International Development
Case 4	1985	Original Endowment, foundation owns 18% of commercial venture & public fundraising campaigns****	No direct employed staff by foundation ****(b)	Business
Case 5	2005	Annual Endowment	1 x CE (FT) 1 x Project Manager (FT)	Civil servant and third sector

Notes:

‡: CE: Chief Executive; FT: full time staff member; PT: part time staff member

\* This foundation (Case 1) was founded with a £10 million endowment from the philanthropist. This has evolved and now the funds of this foundation are linked directly to the venture capital firm of the philanthropist and are drawn down as and when required

\*\* This foundation's (Case 2) funding structure has evolved from an endowment derived from 10% of profits from the commercial business to incorporate endowments from major partners who are now fully integrated as co-philanthropists of the renamed foundation.

\*\*\* This foundation (Case 3) is linked directly to the philanthropist's hedge fund.

\*\*\*\* This foundation (Case 4) was formed with an original endowment of £5 million, which has been used to fund public fundraising campaigns to raise monies for the projects the foundation support. The Foundation also owns 18% of the philanthropist's commercial business.

\*\*\*\* (b) The staffs who work on the administration of the projects of the foundation are all located within the commercial business of the philanthropist.

Table 6.1 illustrates the composition of foundation staff as comprising primarily of individuals from a business background along with individuals from an international development background (Case 3), politics and the third sector (Case 5). This finding highlights the emphasis that is placed on drawing predominantly on the knowledge and skills from the business domain in their philanthropy. However, as evident in Case 3 individuals whose background is in international development are also of value to entrepreneurial foundations. Such individuals act to enrich the cultural capital at the disposal of the foundation (the relevance of this dimension will be discussed in more depth when the projects of the philanthropists are considered in the following chapter). Finally, it is interesting to observe how the foundations also function as a barrier between the philanthropist and the individuals and organisations who are requesting financial assistance on a speculative basis. Many of the entrepreneurial philanthropists continue to receive a very large number of begging letters and having a formal foundation helps to process such opportunistic requests.

### ***6.2.2 Governance: The role of the board of trustees***

Each foundation has a Board of Trustees, as required by UK law, who oversee the activities of the foundation. More specifically, the functionality of the board is to oversee the activities and resources of the foundation and to ensure that both are managed appropriately. However, the data suggests that the contribution of board members goes beyond the formal function of their role to include the leveraging of their resources in progressing the ambition and reach of the philanthropist. Table 6.2 illustrates the composition of the board of each foundation, and details the resources which become available to the philanthropists through the strategic recruitment of individuals to their foundation board

**Table 6.2: Board composition of case studies**

Case Study	Number of Board Members	Background of Board Members ‡	Knowledge & Expertise	Networks accessible through Board Members
Case 1	5	1 x Spouse 1 x EP 1 x Lawyer 1 x Business Partner 1 x GPE*	Business, Venture Capital, Law, International Philanthropy	-International Development -International Philanthropy -National and International Business -International Politics
Case 2	6	1 x EP 1 x Lawyer 1 x Architect 1 x Venture Capitalist 1 x Investment Specialist 1x Accountant	Business Commercial Law  Venture Capital Investment Accounts and finance	-International development (EP)  -National and International Business
Case 3	6	1 x Spouse (& CE)** 1 X EP 1 x former African Minister of Health. 1 x International Development Advisor 2 x International Entrepreneurs	-International Philanthropy -Investment & finance principles -African Politics -International Development -International Business	International Business, Development, Philanthropy and Politics
Case 4	4	2 x family members 1 x other 1 x EP	Business	Business
Case 5	3	1 x lawyer 1 x CE 1 x EP	Law Government	Political Business

Notes:

‡GPE: global philanthropy expert, CE: Chief Executive of foundation, EP: entrepreneurial philanthropist.

\*This individual has a strong reputation and significant status in the field of philanthropy, and an expansive international network of contacts, in business, politics and international development.

\*\* This case study comprises of a husband and wife philanthropy team who are categorised as joint entrepreneurial philanthropists. Their philanthropy (in its entirety) is a result of and is driven forward by each other. The position of chief executive of the foundation is fulfilled by the spouse.

The data presented in Table 6.2 illustrates that there are significant ‘social capital’ resources that can be accessed by the philanthropists, through the individuals who become members of their foundation board. The spectrum of resources available across and within each case (domain knowledge and expertise, valuable networks and contacts) is also reflective of the variety of action that is undertaken by board members. The development of a foundation board that is rich in this way is also interpreted as being related to the ambition of the entrepreneurial philanthropist. The strategic recruitment of such individuals who can add value to the philanthropic vision and activities is important and acts to bolster the ambition of the philanthropist. The knowledge, expertise, contacts, networks, reputation and status of board members enables philanthropists to leverage their own resources to achieve more than would otherwise be possible.

It is important to note that the social capital (networks and contacts) that becomes accessible to philanthropists through their strategic recruitment of board members is often crucial to achieving key objectives. This enables them to tap into the specialist knowledge and expertise of individual board members, facilitating their access to valuable networks in political, international development and business terms. The emphasis is on the development of a solid board team that can assist the entrepreneurial philanthropist at a strategic and practical level. The following quotes are illustrative:

*“It (the foundation board) is a strategic forum where we debate and discuss existing programmes and importantly future strategy and future interventions, it is about strategic support to the foundation”. (CE, Case 1)*

*“Everybody would agree on the board that (name of an individual member) who is pure development generally asks the most thoughtful questions about our finances and investment. The finance people ask excellent questions about staging and scaling of a programme... (the name of individual board member) does wonderful things around value for money and how do we know and think about whether a grant is high value for money. The language commonly used in those discussions, I think are very much the essence of why we have been able to make some really transformational grants and take some really high risks and feel okay about that”. (EP, Case 3)*

These quotes highlight the value that is placed on creating a team of board members, who can actively contribute to the strategic direction and future interventions of the foundation. This suggests that in addition to the leveraging of board members’ social

capital that entrepreneurial philanthropists also seek practically to apply the valued domain knowledge of such individuals (Case: 1 and 3).

However, it is also evident that there are individuals on the foundation boards who share the same entrepreneurial disposition and experience, and who can act as guardians of the entrepreneurial approach to philanthropy (Case: 1, 2 and 3). In this sense the entrepreneurial habitus is evident in the foundation boards of the cases (1, 2, 3 and 4). This is capitalised on further, in Case 1 and 3, where board members fulfil a key role in determining the strategic direction and decisions of these particular foundations.

*“There is not a board member who has not more than pulled their weight compared to what vision people have of board members...they are not rubber stamping”. (EP, Case 3)*

Therefore, the data suggests that board members fulfil an important role in the strategy of the foundation. In Case 1, the chief executive who is a board member (and hails from a business background) plays a significant role in determining the strategic direction of the foundation and has become highly networked in international philanthropy networks. However, in two of the cases (4 and 5) the role of the board is minimal. The entrepreneurial philanthropist (in Case 4) deliberately selects individuals to become board members who will in effect rubber stamp his plans for the making grants (for example family members).

*“If it comes to a directional thing, strategic then I am here. They (the project managers) know more about the day to day things. When it comes to the trustees they come once every three months and they don’t really know as much. I don’t really want them involved in those (strategic) decisions. What I want them involved in is trusteeship, where they see that everything is hunky dory”. (EP, Case 4)*

This particular individual is not in the business of discussing his philanthropy. He is creative, and has his own particular ideas. He is not interested in sharing decision making power with anyone else. As such he is the strategic decision maker, and the board fulfil only what its legal obligation sets it. In Case 5, the makeup of the board comprises the entrepreneurial philanthropist, the chief executive and a lawyer (the minimum number of trustees as allowed by the Office of the Scottish Charities Regulator). In this particular case the remit of the board is solely to select grantees.

The strategic direction of the foundation is set by the philanthropist as illustrated in the following quote:

*“We don’t have a policy department, our policy department is ( the philanthropist)...you discover there is only so far you can develop a framework like that as your philanthropist can change their mind and it would be fair to say that one occasionally encounters internal inconsistencies”. (CE, Case 5)*

This results in significant challenges and idiosyncrasies being presented to the chief executive of the foundation, who reports that the philanthropist changes his mind often about what the strategic direction of the foundation actually is. This presents challenges to the chief executive who is forced to manage an unclear strategy externally with partners and recipient organisations. The chief executive reported it was a struggle to maintain consistency to the outside world. In this respect the boards of Case 4 and Case 5 are a little stifled and are not as engaged in action as the boards of the other cases. However, this does not detract from the declared ambition of the two related philanthropists (Case: 4 & 5), who are nevertheless ambitious in their philanthropic vision and who seek to be producers of change through their philanthropic endeavours.

### ***6.2.3 Funding the foundation***

The means of funding entrepreneurial foundations varies considerably, as illustrated in Table 6.3. One philanthropist chooses to make annual gifts (Case 5), another has linked their endowment to a venture capital fund (Case 1), another has established a hedge fund that feeds directly into the foundation (Case 3), another supplies funds to the foundation through a combination of business profits (10%) and by attracting funds from major partner donors (Case 2) and lastly one philanthropist (Case 4) provides funds having given over ownership of 18% of his commercial business to the foundation. What is of real interest is the close link between the business domain of the philanthropists and their chosen model of funding for their foundations. This suggests that in these specific cases the philanthropists seek to make a bold statement symbolically about the relationship between wealth creation and philanthropy. Furthermore, they are securing the income of the foundation by linking it to the fortunes of their business.



**Table 6.3: Funding model and foundation expenditure**

Case	Funding Model	Spend in 2007	Spend in 2008	Spend in 2009	*Estimated Personal Wealth in 2008
<b>Case 1</b>	Endowment & funds retained in Venture capital fund until required	£7, 271, 163	£11, 443, 749	£8, 173, 541	£ 1000,000,000
<b>Case 2**</b>	10% of commercial business profits directed to foundation & major endowments given by new partners into the foundation	£68, 230	£329, 386	£253,632	£80,000,000
<b>Case 3</b>	Foundation income is directly linked to a hedge fund.	£11,652,583	£33,775,210	£27,438,186	£110,000,000
<b>Case 4</b>	Original endowment, foundation owns 18% of business and receives donations through fundraising campaigns	£695,927	£1,804,142	£2,115,041	£60,000,000
<b>Case 5</b>	Annual endowment	£ 5,000,000	£5,000,000	£365, 160	£750,000,000

Notes:

\* Personal Wealth figures were taken from Sunday Times Rich List 2008 (with the exception of Case 2 where a cautious figure is estimated from the sale of first business). The foundation expenditure figures are taken from Charity Commission records, in England, and the Office for Scottish Charities Regulator (OSCR), these figures are from the annual accounts filed by the foundations with each of these bodies. (The exception being the figures presented for case 5 where the 2007 & 2008 figures are from internal documents. The last and only available figure on OSCR for this case is the 2009 figure, which represents the final year of this foundation after it was closed by the philanthropist who decided to re-locate his activities, philanthropy and foundation to South Africa where he increasingly resides).

\*\* This philanthropist also has a separate family foundation which is run by his spouse. The total financial figure recorded for the family foundation in OSCR for the same time period as recorded in Table 6.3 is £536, 224.00.

Table 6.3 highlights that in general the philanthropic spend of the entrepreneurial philanthropists as a proportion of their estimated personal wealth in 2008 is relatively small, the exception being Case 3, where the spend figure represents a much higher proportion of personal wealth because this foundation derives benefit directly from the success of the hedge fund vehicle to which it is linked. What this suggests is that economic capital is not necessarily the most important feature of entrepreneurial philanthropy. This supports the premise that entrepreneurial philanthropy is centred on the application of multiple forms of capital: social capital, symbolic capital and cultural capital. This also supports the idea that has been posited by entrepreneur and philanthropist Warren Buffet that it is harder to give your money away than it is to

create it (*Financial Times*, 27<sup>th</sup> June, 2007). This is a remark that has been repeated by a number of leading entrepreneurs and philanthropists during the course of this research.

However, it should also be considered that the relatively young age of these individuals within the 40-66 year age range entails that these philanthropists should have a lengthy period of time before them in which to continue to conduct their philanthropic activities. The doctrine of giving while living is being followed. The next two sections of this chapter consider how the other capital forms are being actively employed by the entrepreneurs in their philanthropic activities.

### 6.3 The process of entrepreneurial philanthropy

Each of the entrepreneurial philanthropists has their own philanthropic purpose. There is a range of core concerns including education (and enterprise education), healthcare, sanitation, access to clean water and programmes that support private enterprise in emerging economies. The core focus of the different philanthropists is set out in Table 6.4.

**Table 6.4: Core areas of philanthropy**

Category	Case 1	Case 2	Case 3	Case 4	Case 5
<b>Core areas of focus</b>	Poverty eradication, education, development of leadership capacity. Young people	Poverty eradication, education, development of leadership capacity. Young people	Children: health, education and poverty	Education, health care	Poverty of ambition in UK. Young people.
<b>Geographic Location</b>	Africa: Rwanda & Malawi  Scotland (UK)	Africa: Kenya	Africa: multiple countries, India	Africa: Ethiopia	Scotland and North East of England (UK)
<b>Type of Funder</b>	Grant maker and strategic planning	Operational and Grant maker	Grant maker and strategic planning	Grant maker	Grant maker
<b>Own Label<sup>5</sup></b>	Venture Philanthropy	Venture Philanthropy	Quantum Leap Funder	Philanthropist	Philanthropist
<b>Active Board</b>	Yes	Yes	Yes	No	Semi-Active
<b>Level of Engagement</b>	Significant	Significant	Significant	Low	Medium

<sup>5</sup> Own label is defined as the label that each philanthropist gives to himself as a philanthropist.

Table 6.4 highlights the core areas of philanthropy across the cases. A strong commonality is the geographic focus of philanthropy on Africa, where four of the five foundations are very heavily engaged (Case: 1, 2, 3 and 4). The outlier is case five, which focuses primarily on Scotland, with some activity in the north east of England. The common theme across all of the cases is poverty, in its broadest sense. This encapsulates issues such as education, health and aspiration. Another commonality across all of the cases is the specific focus on helping young people. This is taken further by the activities of Case 3, which focuses specifically on helping children in developing countries. Three of the cases take a very engaged approach to their philanthropy (Case: 1, 2 & 3) as will be demonstrated in the following section and this is related to the mix of staff they have in their operational teams and on their boards. The other two cases (4 & 5) are not as engaged operationally as the other cases are but still invest a significant amount of time at the front end of the philanthropic process in providing support and guidance to potential investees.

### ***6.3.1 Proactive targeting of recipients***

In four of the cases (1, 2, 3 & 4) the philanthropy teams are not reactive, but are proactive in their targeting and selection of core investees. They have little interest in individuals or organisations approaching them for philanthropic investment. The following quote is indicative:

*“We are a proactive foundation, so we actively go and identify the programmes we are going to work on, the principal role is to say strategically what projects will we take on and we very rarely fund reactively”. (CE, Case 1)*

The exception to this is Case 5, which is more aligned to traditional grant making procedures and is predominantly reactive in its approach to awarding grants. However, this appears to be evolving as the chief executive of this foundation is becoming more focused on searching for suitable organisations to fund that fall within the broad area of interest of the philanthropist. The following quote is indicative:

*“The majority of applications come to us externally. We will talent spot, so I will ask other funders who is good. I have got a couple of emails out there where I have said to people, I have heard about you, would you like to look at our website and see if you have got something that you think is a good fit”. (CE, Case 5)*

However, Case 5 is still viewed predominantly as a reactive funder. Across the case studies the pro-active targeting and selection of potential investees is the norm. It is supported by an informal network of referrers, who are typically individuals active in the field of international development and philanthropy. This is similar to how a venture capitalist uses referrers to identify investment opportunities (Florida and Kenney, 1988; Mason, 2006). These individuals share their knowledge of persons (social entrepreneurs) and organisations (social enterprises, charities of bilateral organisations) active in the areas being targeted with the philanthropy team or specific individual board members. This illustrates the requirement of the philanthropy team to develop strategic networks and contacts as a shortcut to knowledge about social innovators. This bears similarity with the process of venture capital (Sahlman, 1990; Sapienza *et al.*, 1994). The data suggests that investment principles from the domain of venture capital are highly influential in how entrepreneurial philanthropy is practiced.

### ***6.3.2 Factors that contribute to the shaping of an investment***

Once contact is established between the foundation and potential investees, the philanthropy team begins to invest time in developing a strong relationship with key individuals in the organisation. Specifically, this involves getting to know the organisation and people, which informs and shapes the philanthropic investment. The philanthropy team provide support and guidance on the development of an investment and shown in Table 6.5.

**Table 6.5: Process of shaping the selection of investments**

Stage	
1	Philanthropist clarifies and confirms the specific areas that philanthropic activities will focus on.
2	Philanthropy team develop and draw from a network of contacts in international development and philanthropy. The newly formed contacts act as referrers to the foundation of possible investment opportunities.
3	Philanthropy team make contact with potential investee and begin to develop a working relationship (and conduct 'due diligence' on potential investee gathering contextual information about individuals, leadership, the organisation, the social innovation, potential to scale-up) and the sharing of mutually beneficial information.
4	Philanthropy team help the potential investee to shape an investment proposal (to be considered by the board). This is the shaping phase, both sides have input into this process and this can involve a number of revisions before it is submitted formally.
5	Philanthropy team develop an investment memo for board.
6	Investment proposal is submitted, along with the investment memo, to the board for a decision. In some cases potential investees are asked to make a formal presentation to the board.
7	Decision is made by board, with proposal being recommended or with a request to be re-submitted.

As stage two illustrates, much value is derived from the development of connections that enable the philanthropy team to locate a small group of potential core investees to focus on. The individuals and organisations that are being considered for investment are considered to be innovators in their field. The philanthropy team approaches its engagement with investees in a hands on manner, with the aim of developing a mutually beneficial working relationship (prior to a formal investment being confirmed). The philanthropy team recognises that potential core investees are owners of valuable knowledge and expertise that are necessary to identify, evaluate and exploit opportunities to create social and economic change. In the very early stages the philanthropy team considers how best to harness and apply the knowledge and expertise of potential investees in their targeted area of philanthropy. Interestingly, this may not necessarily be within the immediate area of the investee (Case 1). In this case the philanthropy team identified a programme proven to work in one specific area that is applicable in another. The following quote is indicative:

*“With (a recipient organisation) we recognised where their worth really lay was not in what they were doing, so we saw how good they were with young offenders and we thought what they are doing there with young offenders is actually great for head teachers just in terms of instilling leadership skills and confidence. So actually we went back to (the recipient organisation) and said it is really interesting what you are doing there but would you like to do this over here for us. So we quite often take partners who are exceptional in one area and say you are great there, come over here, follow us and we would like you to go in there”. (Chief Executive, Case 1)*

This suggests that the ability of the entrepreneurial team to identify opportunities for the transfer of a social innovation from one area to another is important. However, what becomes evident throughout the early interaction that takes place between the philanthropy team and potential investee is the development of a strong relationship, which supports the transfer of knowledge between both parties. The data suggests that both parties contribute to the development of new knowledge. In this respect the philanthropy team become co-producers of information which results from the relations and interaction with the potential investee organisation, as relative to Ramirez's (1999) research on value co-production.

*"It is taking time to build relationships and listening to people about what they are doing and trying to learn stuff. I have learned more stuff in Africa in the last ten years than I have given out. I have gotten views and inputs and I have given that out, but I have taken more (learning) out than I have put in, absolutely". (EP, Case 2)*

During stages 3 and 4, the philanthropy team spend considerable time with potential core investees helping them to reach 'investment readiness' stage (evident in Case: 1, 3 and 5). This is prior to a formal commitment being made to invest in the organisation. This differs from the nature of the relationship between a venture capitalist and an investee. A venture capitalist will spend time with an investee predominantly during the post investment stage, where the literature suggests that a venture capitalist adds non-financial value to an investee (Sapienza *et al.*, 1994; Large and Muegge, 2008). This occurs though the venture capitalist's provision of strategic support (Sapienza, *et al.*, 1994; Busenitz *et al.*, 2004), and being a critical sounding board to the entrepreneur (Macmillan *et al.*, 1988; Sapienza and Timmons, 1989).

The data shows that the philanthropy team works closely with potential core investees during the early stages of the process (Case: 1, 3 and 5). The time and effort spent working with the potential investee during the early stages of the philanthropy process supports the development of a fairly tight investment proposal and associated investment memo (Case: 3 and 5), and strengthens the likelihood of obtaining the support of the board. This provides the philanthropy team with an opportunity to conduct due diligence on the potential investment, to assess and evaluate whether an opportunity exists to address a specific social problem and to consider the resources that will be required to develop a scale-able solution.

Importantly, the foundation team is able to assess the leadership of the organisation and consider its openness to participating in a journey of experiential learning with the philanthropy team. The capacity of the organisation, and its leadership, to deliver a programme of social change of scale is also considered. This aspect bears similarity with a Venture Capitalist's criteria of a prospective investment requiring competent leadership (Macmillan et al., 1985; Zider, 1998; Mason, 2006).

Some of the core investees (Case 3: A & B; Case 5: B) comment that during the early interaction with the philanthropy team there is transfer of process-oriented knowledge into their own organisations. The knowledge transfer occurs across a spectrum of issues that includes the development of management processes, commercial evaluation and reporting techniques, assessing the type and quantity of resources required and exploring how they can be accessed. (This aspect of entrepreneurial philanthropy is developed substantially in the following chapter which explores how capital is deployed to different projects). The philanthropy team therefore adds value to the potential investee organisation by helping it to think strategically about the potential impact of the social innovation. This supports the potential investee organisation to consider its potential role within the broader landscape and to think about how it can contribute to a solution that is scale-able. The concept of scaling up is important to entrepreneurial philanthropy as it is considered to be a method to achieve social impact. Through such interaction, the potential core investee is better able to articulate what the big win of their specific product or service is, and how it aligns with the core focus of the foundation. The following quotes are illustrative:

*“We spend a lot of time on the concept, so we try to get people to write— not write a proposal, but so we are very clear on what the concept is, what the core element is, what the quote/ unquote big win is — what is it although it may be far away” (EP, Case 3).*

*“What happens is we agree this is the concept, then we guide them through the writing of a proposal for the Board and we go through a lot of back and forth. So is this strategy. Where is the government, how do we validate it, is it bias or a rigorous process of making sure that whose big win is likely to happen”(EP, Case 3)*

As illustrated in the above quotes, Case 3 is particularly strong in this area, and beyond the other cases in its commitment and application of time given to help

potential investees. However, this is a theme that is present in the other cases just not to the same extent. The following quotes are illustrative:

*“If someone comes to us with something that doesn’t look like we can support for a number of reasons, we ask them to go away and refine a proposal (with guidance) so that when it does come back it has got a better chance of us actually awarding it some funding”. (CE, Case 5)*

*“There is a relationship going on in the application process as well where we do part of our fine tuning of you are not going to pass, not going to the Board, could have gone to the Board but now it can’t. With the various experiences that we have and various kinds of processes that we are trying to put into place, we are trying to bring through some really good things at the end of the day”. (CE, Case 5)*

It is interesting that Case 5, which is characterised as being less engaged in practice and more traditional in its philanthropy approach than Cases: 1, 2 and 3, also recognises the value of helping potential investees to shape their grant application. This is important as it shows the differences in application but similarity to the conceptual approach of the other foundations.

The interaction between the philanthropy team and the potential investee organisation in the early stages supports both parties to devise an ambitious but achievable plan. This aspect of the pre-investment relationship emphasises the development of what typically evolves to be a strategic marriage between the philanthropy team and the core investee organisation. This interactive process provides an opportunity for both parties to conduct ‘due diligence’ on the concept and on each other prior to entering into a formal agreement. This is similar to the deal evaluation phase of venture capital investment, when the venture capitalist and entrepreneur are assessing the fit with each other (Fried and Hisrich, 1994). The interaction during the early stages of the entrepreneurial philanthropy process represents a considered and structured attempt by the philanthropy team to minimize the risk of making an investment by developing a jointly agreed plan of action.

*“It is a business-like approach, it is determining at the outset what you want to achieve, agreeing that with your partners (term refers to investees), agreeing what success looks like over a period of time and then breaking it into manageable chunks to actually go along the way of your right track”. (Chief Executive, Case 1)*

*“You can value add a lot as a foundation in helping (the investee) think through the conception of the programme as it goes along”. (EP, Case 3)*



The interactive relationship between the philanthropy team and investee organisation, during the early pre-investment stage, is indicative of how the relationship continues during the post investment stage. The importance placed in the development of a good working relationship between the philanthropy team and the core investee team is evident across the majority of cases (1, 2, 3 and 5). The philanthropy team considers itself primarily as a critical friend and partner (although it is an investor). This shares some similarity with the relationship between a venture capitalist and an investee entrepreneur during the post investment phase, which has been described as a critical sounding board (Macmillan *et al.*, 1988; Sapienza and Timmons, 1989). The following quotes are illustrative:

*“It (the relationship) should be very collegial. We are not policemen; we are not going to punish you for goofing. It is about being transparent and fixing it so we both get the impact we want to get”. (Case 3, EP)*

*“This is a joint thing, and I suppose if we don’t get to a joint picture then we don’t fund”. (Case 1, EP)*

*“We have got to approach all these sorts of things as on a peer or partner relationship. You can’t go into it thinking I have got the money; therefore I call the shots, or have this relationship that is asymmetric. So it is about taking the time to build relationships and listening to people about what they are doing and trying to learn”. (Case 2, EP)*

The data shows that the emphasis is clearly placed on the co-production of knowledge and that both parties recognise the value which the other party brings. The data suggests that the combination of process, context and strategic knowledge is important to the development and implementation of a powerful social innovation.

### **6.3.3 The investment decision making criteria**

There are a number of factors which the philanthropy team uses to assess the suitability of a potential philanthropic investment. The criteria are applied from the early stages of the process during the close interaction between the philanthropy team and potential investee organisation: a) does the concept offer a workable solution; b) are there any gaps in the concept and if so how best can they be filled; c) is the leadership and management of the potential investee organisation competent to drive the organisation forward; d) can they work in partnership with an entrepreneurial driven foundation; e) does the concept provide a social return. The fundamental criteria of concept, management and return are the basis of decision

making criteria that are applied by venture capitalists (Fried & Hisrich, 1994). This is illustrated in Table 6.6 which sets out the decision making criteria applied in entrepreneurial philanthropy.

**Table 6.6: Entrepreneurial philanthropy decision making criteria**

<b>Criteria</b>	<b>Elaboration</b>
<b>Concept</b>	<p>A workable solution that addresses a social/ economic problem that fits with the broad area of EP intervention.</p> <p>Innovative concept addressing a core social and economic problem</p> <p>Reasonable capital requirements: economic, social, cultural and symbolic.</p>
<b>Management</b>	<p>Personal integrity of the philanthropy team, can a relationship of trust with investee be envisaged.</p> <p>Is there management and leadership capability present within the recipient organisation and/ or can it be strengthened.</p> <p>Realism: is the management risk aware and open to developing a joint approach to managing risk.</p> <p>Flexibility to adapt and respond to the complex nature of the social/ economic problem and the fragile nature of the surrounding environment.</p> <p>Accepting of the experiential learning nature of the entrepreneurial philanthropy process, accepting to the process of knowledge transfer.</p>
<b>Return</b>	<p>Is there a realistic social (non-financial) return on the investment through the creation of social and/or economic change/ or development.</p> <p>Sustainability of a tried, tested, piloted and proven solution, which permits an exit for the EP (within a typically long term time period).</p> <p>Potential for the scaling up of the solution either through policy change or by replication.</p>

#### ***6.3.4 The management and leadership indicators of entrepreneurial philanthropy investment***

Table 6.6 illustrates the emphasis placed on the management of the potential investee in the decision making criteria. This is where the development of a mutually beneficial relationship between the philanthropy team and the potential investee organisation during the early stages of the philanthropy process becomes critical. It is the philanthropy team who are best equipped to make a judgement on the competency and capability of the management team, and the leadership qualities that are present within the organisation. What is of interest is that the decision making criteria are being exercised from the beginning of the relationship. This is different from how more traditional philanthropic funders approach their decision-making through the grant application process (Anheier and Leat, 2002). It is also indicative of the emphasis placed on the relationship-centred approach taken in entrepreneurial philanthropy. The philanthropy team is concerned with the leadership capability of

the potential investee organisation (evident in cases 1, 3, 4 and 5). Strong leadership capability is also regarded as important to securing venture capital investment (Landstrom, 1998; Shepherd and Zacharakis, 1999). From an investment perspective the need to have someone in place that can drive forward a shared vision and who is competent as a leader is fundamental to reaching a positive decision. The following quote is indicative:

*"We think that if you find a great leader in an organisation, then that organisation can do anything you want it to do. If we found an organisation that seemed to be doing well but had a hopeless leader then we wouldn't touch them". (CE, Case 1)*

It is therefore evident that the management and leadership of the potential investee organisation are fundamental to the decision making criteria applied by the philanthropy team. The philanthropy team is drawn to invest in individuals who display entrepreneurial tendencies and behaviour, which can be further strengthened through continued interaction that is integral to the formal relationship. This requires good levels of communication between both parties and a willingness to learn. The potential to strengthen entrepreneurial competencies in potential investees and their readiness and willingness to undertake a mutual journey of learning with the philanthropy team are important factors in successful selection.

### ***6.3.5 The formal decision making process for entrepreneurial philanthropy investment***

Once potential core investees reach investment readiness stage, formal proposals for grants are submitted to the foundation board to be considered (Case: 1, 2, 3, and 5). In two of the cases this is followed by a formal presentation by the potential investee to the foundation board (Case: 1 and 3). In these cases, the philanthropy team supports potential investees to progress to the next stage and to present their proposal to the foundation board. Furthermore, in three of the cases (1, 3 and 5) the philanthropy team develops an investment memo, which presents additional information that has been collected on the potential investee organisation to assist the board in reaching a decision. Across the majority of the cases (1, 2, 3 and 5) the final decision of whether to invest, or not, is formally made by the board of the foundation. The purpose of the foundation board is to make a rational and informed

investment decision. However, it is important to note that the philanthropy team is able to influence this through the work and research that it does with potential investees, and the subsequent strengthening of conceptual framework and investment proposals that are being presented to the Board. This enables the philanthropy team to bring forward proposals and organisations that fit closely to their overall philanthropic agenda. Within the decision making process, the criteria of the concept, management and return of the potential investment are considered by the board as set out in Table 6.5. This provides a framework for the board to make a decision.

The non-conformer in this process is case study two which is an operational foundation with a separate social enterprise run in parallel with the foundation on a commercial profit-making basis, with 100% of the profits (when they come) directed to the social programmes which the foundation supports in Kenya. The projects are linked directly to the philanthropist who has a second home in Kenya and therefore there is no formal investment decision taken. This is primarily because the projects and organisations that are being funded are projects which existed prior to the research being undertaken, and before any real formal processes were set up in the newly re-formed foundation. The other non-conformer, as previously mentioned is Case 4. In this case the board rubber-stamps the chosen projects of the philanthropist.

### ***6.3.6 Formalising the philanthropic investment and structuring the flow of the deal***

Once the agreement to progress an investment has been made by the board, which does not always happen first time, formal procedures are followed. All of the foundations (Cases:1, 2, 3, 4 and 5) have formalised certain aspects of the philanthropic process through the establishment of procedures, legally binding contracts with investees that set out agreed review procedures and key performance indicators that crucially set out when financial capital will be released and on what grounds. Again, there are significant similarities with the deal structure of venture capital investment (Fried and Hisrich, 1994). The formalisation of the philanthropic investment is driven primarily by the foundation, where the knowledge and experience of the philanthropy team (the process oriented knowledge gained through commercial experience) and the domain knowledge and experience of board

members contributes to the development of a framework which supports the shared goal of creating social impact. However, and importantly, the newly accepted core investee also plays an important part in this process. The outcomes, milestones and measurement processes are set and agreed by both the foundation and the investee. There is a clear emphasis across most of the cases (Case: 1, 2, 3, and 5) that a joint agreement is required in order to develop a realistic plan. The following quotes are illustrative:

*“It is a business-like approach, it is determining at the outset what you want to achieve, agreeing that with your partners (term refers to investees), agreeing what success looks like over a period of time and then breaking it into manageable chunks to actually go along the way of your right track”.* (EP, Case 1)

*“We have got to approach all these sorts of things as on a peer or partner relationship, you can’t go into it thinking I have got the money; therefore I call the shots, or have this relationship that is asymmetric”.* (EP, Case 2)

The emphasis placed on a joint approach to the development of a framework is highly evident (Case: 1, 2, 3, and 5) and after the framework has been agreed a formal contract is drawn up (Case: 1, 3, and 5), which outlines the deal structure. This is a similar process to the venture capital stage of investment (Sahlman, 1990; Fried and Hisrich, 1994). Importantly the contract details the key stages of the deal, for example, when funding will actually be released to the organisation and on what grounds. Finance is rarely handed over in entirety at the start of the process, rather, it is drip-fed against specific criteria that have been agreed by both parties and formally acknowledged in a legal binding agreement that also sets out the core reporting functions and measurement procedures that are required.

*“With the main things in place we will sign a legal agreement which is binding on both parties around KPI’s and evaluation and our ability to terminate. From that point subject to the programme we run quarterly Board meetings, where we sit on the Board and really drive forward the plans and again what I stress is that if we weren’t changing the programmes as we went along we would be doing the wrong thing”.* (CE, Case 1)

The purpose of the contract is to detail the specific responsibilities of the investee organisation and the foundation. It sets boundaries for the construction of the relationship post investment. Such factors are designed to support the core investee to reach the intended outcome, but importantly with the continued support and guidance of the philanthropy team and other external consultants. Therefore, this is

different to the primary purpose of the contract in a venture capital investment, which is primarily to deal with agency problems and normally provides the investor with control over key decisions about the venture (Sahlman, 1990). However, the above quote does incorporate some agency aspect, as the entrepreneurial philanthropist has the right to withdraw financial input but its primary importance is to reach the intended outcome. Importantly, there is an element of flexibility built into contracts (Case: 1, 2, 3 and 5) to take account of contextual events and miscalculations. The following quote is indicative:

*“We are all committed to the impacts, it doesn’t matter if it costs us \$30,000 more and the fact that almost all the time because of the efficiencies we have been able to get because we have slowed down pieces or taken out pieces that aren’t working we actually have a surplus”. (EP, Case 3)*

### **6.3.7 Post investment relationship and process**

A critical factor in developing further the relationship between foundation and investee is communication. The need to maintain strong levels of communication with the investee, particularly during the early stages of the post-investment phase is recognised by the foundations. The philanthropy teams talk about how communication can sometimes be through daily telephone calls in the early stages (Case: 1, 2 and 3), or weekly emails if technology allows (Case: 1 and 2). Following on from regular communication, monthly and quarterly reports are normally requested by the philanthropy teams (Case: 1, 3, 4 and 5). Good communication is a mechanism by which the philanthropy team can monitor and safeguard their investment, minimise the risk and provide the necessary support to reach the intended outcome.

*“Ultimately we are the people that are sending the cheque but our real interest is making this programme work”. (CE, Case 1)*

The structure around making the programmes work represents a system of checks and balances that is used to review the progress of a programme and to safeguard the investment. Importantly, this facilitates the most appropriate provision of support deemed necessary to increase the likely success and impact of the philanthropic intervention. The real value-added dimension occurs through the engaged approach of the philanthropy team, and the development of a mutually beneficial relationship with the investee. It facilitates the transfer of knowledge with new information being

produced that allows opportunities to be identified and exploited resulting in social benefit throughout the process, and not just in the early stages. This is similar to the benefit derived from the cooperative relationship, which is considered integral to venture capital (Steier and Greenwood, 1995; Sapienza and Korsgard, 1996; Cable and Shane, 1997; Shepherd and Zacharakis, 2001). However, it goes beyond the cooperative relationship to the development of a mutually beneficial close working relationship that has a real productive capacity. Critical to this is the retention of flexibility across both parties to enable adaptations to be made and plans to be changed if a difficulty arises. The following quote is indicative:

*“If something is not successful we will just change it and build things up”.*  
(CE, Case 2)

The data suggests that the philanthropy teams view flexibility as being important in the relationship with the investee organisation (Case: 1, 2, 3 and 5), even though the embedded investment structure sets out the expectations, outcomes, milestones and performance measurement indicators when finance will be released to investees and on what grounds. The post investment process is characterised by the development of measures and reporting functions specific to each programme or project supported by each foundation. Such measures are contextually driven. The following quotes are illustrative of how the progress of investments is measured by the foundations:

*“If your mission is economic development then funding micro-finance in and of itself is not economic development. So what you measure is do you repay your loan, which if you wanted to fund integrity then you have got your link. But, if you want to know if people can pay for school, can pay for clothing, can they pay for shelter then you need to know how much a household has to have and whether they have it and whether they apply the money that way. Or if you want to create X new jobs then you need to say we are going to increase the jobs in those communities by 30% or people who consider themselves to be working full time by that amount, and that is what we are measuring”.*  
(EP, Case 3)

*“Retaining the young people in the classroom, so did they actually go to the course in the first place? Their out of school experiences- what were they doing positively? Their re-entry back into the normal school system is the ultimate KPI, but then the delivery week on week of the number of modules we are delivering and I mean some of those are numerical and some are more qualitative rather than quantitative. Really the destination figure is the one of main focus, as it meant that most of those kids had gone to a positive destination. That was the ultimate (measure), there was all sorts of quantitative measures but really the qualitative one of did they get to a*

*positive destination — that was the biggest measure of the outcome of the programme”. (CE, Case 1)*

The data illustrates that key performance indicators and measures are evidently context based and are both qualitative and quantitative (Case: 1, 2, 3 and 5). Such measures are regarded by the philanthropy team as necessary to monitor the progress of investments and to support successful creation of social impact. This is similar to the emphasis that a venture capitalist will place on measurement and reporting in the post-investment phase (Mason, 2006). However, such measures are strengthened through the adoption of specific internal evaluation processes by the investee organisations, as advocated by the philanthropy team. In Case 5, the philanthropy team have contracted an independent consultant to work with investees to establish internal evaluation procedures, which the investee organisation can apply internally. This is in part related to the fact that the philanthropy team (Case 5) comprises of only two persons and there is insufficient resource to conduct evaluations of all investees. The external consultant is therefore used to facilitate the adoption of self-evaluation procedures, which benefit the investee and the foundation. The investee organisation can utilise the evaluation procedures to produce formal reports on its activities. Further, it is a mechanism which it can use to its advantage in articulating its impact to other potential funders.

Case 3, has also worked with its investees to establish appropriate internal evaluation procedures which strengthen their ability to self-monitor and evaluate their field delivery of specific programmes. This is supported through a specific evaluation team within the foundation whose responsibility is to evaluate investees. The following quote is illustrative:

*“We now have dedicated research, dedicated grants, dedicated portfolio management team. With the respective portfolio management team there is one person to every three grants that we fund, they work with our evaluation team to what are the impacts that we expect for children and they have to dovetail to what we consider the priorities, how will we know. Then the portfolio managers come in and say well why in five districts are we getting the impact but not in the sixth? Is it a staffing problem or what is our response to fixing that? Or if there is a very clear correlation clearly the health aspect of this is working but the community aspect we don't see any of the gains that we expected. So, can you scale up on the health aspect of this*



*and can you hold on the community aspect as we need to redesign it?” (EP, Case 3)*

The detail that Case 3 gives to the measurement and evaluation of investee organisations is significant and is at the opposite end of the spectrum to Case 5. This suggests that across the cases there is a spectrum of engagement between the philanthropy teams and the investee organisation. However, the positive spirit in which such procedures are embraced by investees, is indicative of the close working and mutually beneficial relationship that is evident between the investee organisation and the philanthropy team (Case: 1, 2, 3, and 5). Importantly, the purpose of measures and key performance indicators is relevant to a return on the investment being realised. In a commercial sense, a venture capitalist invests to secure maximum gain by exiting via a public offering, a trade sale or a private placement (Mason, 2006). However, the return that is sought by the entrepreneurial philanthropists is a social return, reflective of the specific objectives of their philanthropic activities. Therefore, the investment measures that have been adopted across the majority of cases assist the philanthropy teams to assess the return on the foundation investment. Such measures serve to demonstrate the extent to which positive change occurs and at a scale as deemed to be acceptable. The difficulty in assessing the extent to which a return is achieved within the context of this thesis relates to the fact, that many of the projects being supported were in the early stages of development and implementation. Therefore, the true extent of social impact and social return within the context of this study cannot be determined effectively.

Similar to how a venture capitalist seeks an exit from an investment (Mason, 2006), so too do the entrepreneurial philanthropists. Across a majority of the cases (Case: 1, 2, 3 and 5) the philanthropy teams articulate that although there is a long term commitment to support investee organisations to deliver a programme of social change that they do seek an exit in the longer term. However, there is ambiguity when that may actually be. This is relative to two of the cases (Case: 1 and 3) seeking to influence change at a political and institutional level, another (Case 2) seeks to create strong community ownership of initiatives that can be sustainable in the long term and which can be replicated across regions; another (Case 5) seeks to support investee organisations to develop other income generating activities to lessen

their dependence on external funding. Therefore, the envisioned positive exit is articulated in a number of different ways.

#### **6.4 The role of partnerships in accessing resources**

The partnership approach is a prominent feature of the practice of entrepreneurial philanthropy; this includes partnering with major contemporary philanthropic funders, established bilateral and international development organisations, governments, academic institutions, individuals and local civil sector organisations. Partnership is a favoured mechanism for entrepreneurial philanthropists, and represents a strategy to leverage further resources outwith the current ownership of the foundation. It is through the strategic development of partnerships that philanthropists can leverage the resources of their partners to be employed in the philanthropic projects and programmes. Forming partnerships and alliances in international development to effect change is acknowledged as being fundamental to contemporary philanthropy and global development (Khosla, 2008; Nelson, 2008). The types of partnerships employed in entrepreneurial philanthropy are illustrated in Table 6.7.

**Table 6.7: Types of partnerships adopted in entrepreneurial philanthropy**

	Government Partner	International Development Organisation Partner	Civil Sector Organisation Partner	Academic Expert Knowledge Partner	Core Funding Partner	Core Investee partnership model adopted	Private Business Partner
<b>Case 1</b> Resource accessed	Yes Matched Funding: for the development and implementation of enterprise education (primary and secondary)	Yes Vital knowledge and on the ground capacity to implement a programme of change in Uganda: The basic social service provision to internationally displaced persons	No	Yes Expertise on the development of health care systems in rural African region.	Yes Financial capital and influential political contacts: President Clinton, Nelson Mandela and Rwandan Government	Yes Contextual knowledge of social problem and an innovative approach to determining a solution, regional knowledge	Yes Content specific knowledge, raw product materials, supply chain management and route to market
<b>Case 2</b> Resource Accessed	No	No	Yes Contextual knowledge of social issues and access to end beneficiary	Yes Expertise in developing specific skills that are employed in vocational training programme	Yes Finance, a range of contacts and specialist business knowledge and expertise	Yes Knowledge transfer: specialist knowledge	Yes Funding, market knowledge and route to market
<b>Case 3</b> Resource accessed	Yes A route to achieve scale	Yes Route to achieve scale of programme	Yes Contextual Knowledge	Yes Contextual Knowledge	Yes Finance, Knowledge and contacts	Yes Knowledge transfer	Yes Knowledge and facilitating a product to market
<b>Case 4</b> Resource accessed	Yes Funding and access to knowledge	No	Yes Context Knowledge	Yes Context Knowledge	No	No	No
<b>Case 5</b> Resource accessed	Yes Funding and access to expertise	No	Yes Context Knowledge	No	Yes Finance	Yes Knowledge transfer	No

Table 6.7 illustrates that partnership with government features significantly in entrepreneurial philanthropy (Case: 1, 3, 4, and 5). Forming partnerships with governments is a powerful way of affecting social and economic change through catalysing a shift in public policy. A shift in public policy is viewed as a mechanism to scale up desired outcomes; it can also facilitate an exit for the philanthropist. The desire to influence public policy is articulated most significantly in Cases 1 and 3, where the foundations actively lobby and advocate programmes on the development of education and health. This is in addition to piloting and proving programmes in these areas. In respect to Cases 1 and 5, specific programmes have become jointly funded by government in the UK. Cases 1 and 3 have received joint funding from governments in developing countries in relation to health programmes. A critical contributor to the forming of partnerships with government is the development of social capital within the political realm. The ownership of political social capital and how it is leveraged by the entrepreneurial philanthropists is illustrated in Table 6.8.

**Table 6.8: Ownership of political social capital**

	<b>Political Social Capital</b>	<b>Leverage</b>
<b>Case 1</b>	Gordon Brown	Influence to release funds in dormant bank accounts for use in philanthropic agenda. Gatekeeper to Richard Curtis of Comic Relief and Make Poverty History
	President Bill Clinton	Gatekeeper to Government officials in Rwanda and Malawi, President Nelson Mandela and to further African philanthropy agenda
	Lord McConnell*	Agreed to a jointly Funded Programme on enterprise education in Scottish Schools. The proven model is now embedded in the Scottish educational curriculum for excellence
<b>Case 2</b>		Nothing to report
<b>Case 3</b>	President Bill Clinton	Gatekeeper to government officials across Africa
	President Jimmy Carter	The symbolic capital derived from this connection is capitalised on by the philanthropist through dealings with other organisations.
<b>Case 4</b>	UK Labour Party	Support for enterprise education intervention in English Academies
	Ethiopian Government	Support for intervention in higher education: forming of private business school in Ethiopia
<b>Case 5</b>	Lord McConnell*	Joint funded programme targeted at raising the ambitions of young people in Scotland. Provision of seconded civil servant into the Foundation.
	Lord Harris	Knowledge of educational interventions in English academy schools

Note: \*Former first minister of Scotland, and former leader of the Scottish Labour party

Table 6.8 illustrates that Cases 1 and 3 in particular have significant political connections which they harness in order to affect the direction of public policy. In part, the development of political social capital by these particular philanthropists is related to their ambition to achieve scale in the programmes around health and education by gaining government support for their programmes. Governmental support specifically translates into an uptake or change in government policy. The entrepreneurial philanthropist in Case 1 was rather vague as to how the original UK political links were established, but suggested that the link with President Clinton came through a chance meeting during a fundraising dinner in London which both attended, and which, they developed a partnership approach in philanthropy. However, it is evident from the data that the “Clinton” effect facilitated the development of further political links between other international political leaders and this particular philanthropist.

In Case 3, the entrepreneurial philanthropist had been approached by a close associate of President Clinton who is involved in his philanthropic activities, which led to their forming a partnership in philanthropy. This particular entrepreneurial philanthropist also held previous working links to former US President Jimmy Carter. It is through such political connections the entrepreneurial philanthropists can gain access to governments to not only facilitate the scaling up of programmes, but by gaining government approval and support, these programmes can become embedded in the institutional provision of the country. This implies that an exit can be secured by the philanthropists when piloted and proven programmes become accepted and embedded in national curriculum or in nationally provided systems of health care.

*“Our understanding with governments is that if we take something on we agree what success looks like and if our independent evaluation says that has been achieved the government can take it on as policy. We are not a substitute for the tax payer we are kind of proving the model and taking the risk and that worked very successfully with the previous administration and we are just finding our feet with the current”. (EP, Case 1)*

*“We have had one case where we really wanted to go into some programming, and we chose a partner that happened to be a government partner, to do that who was very enthusiastic, it was all new and high risk. We said right here is the first questions you need to do to get your plan going and they turned around to us and said there is no way we can do this. So we then*

*hired and advisor to work with them and bring them through the steps for six months, who was still there three years later. They (the government) did eventually take it over and it was absolutely sustainable and integrated and we went through a few changes in government and all of that". (EP, Case 3)*

The courting of leading political figures and governments by entrepreneurial philanthropists, and the continued maintenance of such connections and relationships through successive governments is important in accessing resources and in achieving social change on a scale that is sustainable. It is evident from Cases 1, 3 and 5, that national governments (UK and international) make significant financial contributions to the programmes championed by entrepreneurial philanthropists. For example, in the government's partnership funding of specific education programmes developed to strengthen and stimulate entrepreneurial activity in future generations (Case: 1 and 5).

Interestingly, only Case 2 does not undertake a partnership model with a government. This is explained by the fact that this is an operational organisation that has chosen to focus its philanthropic activities from the bottom up. At its specific stage of the philanthropic lifecycle it does not need to engage with government to achieve success, as the foundation is doing this adequately on its own and with small local partners at a micro level.

*"Everything that we have done, we have either started it ourselves or started something from scratch with somebody. Where there is a third party they are typically smaller, grassroots, hands on organisations where we have got a very, very close working relationship" (EP, Case 2).*

However, it is very likely that this case will develop partnerships with governments in the future as its mission is to transfer a working model of social enterprise into different regions of Africa that would benefit from the introduction of similar social development programmes. In order to scale up these activities the foundation will most likely benefit from developing a partnership model with governments.

#### ***6.4.1 Using partnerships to leverage cultural capital***

The data shows that the development of partnerships with academic practitioners (Case: 1, 2, 3 and 4) is a common feature in the practice of entrepreneurial philanthropy. Across these cases partnerships have been developed with anthropologists, medical experts and design experts from within the academic sector.

The expert knowledge of the academic partner is sought to help deconstruct a specific problem and to construct a realistic solution. This particular type of partnership enhances the ability of entrepreneurial philanthropists to invest in the identification and development of programmes that are realistic and sustainable. Academics feature quite significantly in the multiple stakeholders embedded in the process of entrepreneurial philanthropy (Cases 1, 2, 3 and 4). It is evident that the cultural capital of other individuals or organisations feeds into the philanthropic process as part of the philanthropy teams measured approach to identifying and developing solutions to complex social and economic problems.

An example of this is illustrated in Case 1 which has partnered with an internationally renowned academic anthropologist to develop a feasible health care system in an African country. The research undertaken by the academic is based on the actual resources made available by the democratically elected government for the provision of health care to its citizens, and, importantly, takes into account the cultural complexities of the region. The outcome of this academic working in partnership with the philanthropy team, as well as local civil sector organisations and the government, has been the identification of a feasible and sustainable health care system. Fundamentally, this allows for the country to provide health care in geographic localities where there has traditionally been limited or no provision. This is an example of multiple agencies working together in partnership, to identify and develop a solution that is realistic, sustainable and has impact by developing and implementing health care provision that is desperately needed in that geographic locality.

*“On the health piece what we did was, and again with partners, we use the partner model here, is we looked at the health piece. We went to the (African country) government and said we are already working in a hospital in a district of your country at your invitation. We determined three different levels that we could work at, a global level, a national level and a district level. The district level is about proving pilot programmes that can then be scaled up to national level, so we said to them we are working on health in this district, you tell us what your budget is for health by district and we will work to that budget. So we can prove that there is a model that is scale-able and sustainable. They said ok we can afford to invest about 4-5% of GDP in health. We then spoke to a guy called (an academic) and is one of the best, least costly organisations in terms of their overhead costs. He effectively runs the (a Caribbean country) medical system. He came into (the African country)*

*and built a model that is scale-able. We are now rolling that out across the whole district to ensure that it is scale-able. So we help identify him , we looked at the work he was doing, we worked with the(co-funder) to engage him in what we are doing here and then we said to him here is the budget can you scale a medical system around it, he came up with a plan. We then sat down with the (co-funder) looked at the plan and worked with him on the plan and produced a series of key performance indicators off the back of that plan, which we now measure on a monthly basis to see if we are on track. What are the problems, and how do we change the plan and how do we move it forward. So on a monthly basis we are reviewing with the (co-funder) that strategic plan providing oversight to it and ideas”. (CE, Case 1)*

This example illustrates how the social capital of the philanthropist can be used to access cultural capital as a mechanism to develop a realistic solution (a scale-able health system) that can be resourced by the home government of the country to deliver a health service that meets the basic needs of its people.

In Case 2 the foundation has developed a partnership with a leading higher education establishment in the UK. Through this partnership a specialised programme for the vocational training of young vulnerable adolescents has been developed specialising in skills which can be employed in the social enterprise of the foundation in Kenya. Adolescents coming through this programme develop skills, which enable them to provide a living for themselves and their families by gaining employment in the social enterprise that produces handmade pieces of clothing and jewellery (this is the area of specialism of the higher education partner) that are retailed in the UK. All of the profits of the social enterprise are directed to specific social development programmes that the foundation supports in Kenya.

The data shows that the application of social capital is important for the entrepreneurial philanthropist to access expert knowledge to support their philanthropic activities. Entrepreneurial philanthropy is dependent on the valuable contribution of knowledge-rich individuals, such as academics, whose expertise is both content-specific and process-oriented (knowledge of how to scale up operations and programmes). This finding relates to the work of Khosla (2008) who has identified the importance of leveraging knowledge to create social oriented solutions within international development. The philanthropy teams are explicit that they do not want to re-invent the wheel and emphasise the importance of acknowledging and capitalising on expert knowledge that exists. Across cases (1, 2, and 3) it is evident



that the development and accumulation of new knowledge is related to the strategic development of networks and contacts by the philanthropy team and the foundation board members (Case: 1, 2 and 3).

The data in Table 6.6 shows that entrepreneurial philanthropists develop partnerships with bi-lateral and international development organisations. In particular, Case 1 and Case 3 are identified as being highly ambitious funders who have each developed a strategic partnership with a high profile bilateral organisation that has the capacity (knowledge, skills, experience and manpower) to deliver specific programmes of social development. It is evident that this type of partnership (Case: 1 and 3) facilitates the scaling up of the social development programmes to alleviate health and education problems in developing countries. This suggests the entrepreneurial philanthropists acknowledge that in some circumstances in order to make social progress, 'sticking plasters' are required in order to reach a point where certain problems can be addressed through long term interventions.

The development of partnerships with civil sector organisations is another feature which is evident in all of the cases (Case: 1, 2, 3, 4 and 5). This is related to the level of importance placed on embedding social and economic programmes firmly within local communities, as a mechanism to secure long term sustainability for such programmes. Significant value is placed on the development of contextual knowledge such as cultural and social differences within specific communities. Local and contextual knowledge is viewed as important to the viability of the programmes that are being funded and piloted as it can support the process of programmes becoming embedded in the local environment and aids their longevity and potential impact.

#### ***6.4.2 The role of partners in raising philanthropy funds***

Another important partnership stems from the ability of the entrepreneurial philanthropists to leverage further economic capital by attracting core funding partners to support their projects and programmes. Sometimes these are other foundations (Cases: 1 and 3), or a government where there is an agreement that for every one pound committed by the philanthropist the government will commit double that amount (Cases: 1 and 5). Funding partners also come in the form of local

commercial partners who are formally brought into the foundation (Case 2), and who contribute knowledge, expertise and professional skills as well as finance. In Case 2, the commercial partners are now part of the foundation and include two investment firms, a law firm, an architectural firm and an accountancy firm.

*“The foundation is now no longer just related to the company, but really those five companies together. We have now allocated areas of responsibilities to each of the partners and we are all taking an area of responsibility....They have all put money in but that is not the key thing that we are looking for it is really their expertise, their contacts and their networks and energy”.*(Chief Executive, Case 2)

Funding partners can also come in the form of a syndicate (Case 3) of a selected group of high-net worth individuals who collectively provide funding into specific programmes that are run and managed by the entrepreneurial philanthropist’s foundation.

*“Our view is that there is a lot of untapped potential for giving among our peers but that many people don’t have a mechanism for doing the due diligence to confidently make a significant investment particularly when the project is delivered overseas. The majority of people we solicited for funds had said to us that if we found a good program that they would be interested to co-fund with us or they were starting/had their own foundations with similar missions to (ours). In some cases, we approached people who were making substantial amounts of money and were not (to our knowledge) giving any away either at all or to issues affecting the developing world. We hoped that we could use this exciting initiative interest as an entry point into Africa-based philanthropy.”.* (EP, Case 3)

*“In order to raise the funds we invited people to an intimate roundtable session with President Clinton in which the President, (a key board member of his organisation) and our own Board members made a substantive presentation about the need to address this issue and the initiative we intended to launch, including an honest discussion around the planned approach, the risks, complexities... A few people never gave anything but most contributed generously with gifts ranging between £10,000 and £500,000. While we expected the experienced foundations to give directly to the Clinton Foundation, we gave others the choice between giving through (our foundation) and having us contract for the proper use and oversight of their funds or directly to them. It is our policy that we never take any administrative fees from people who want to give through (the foundation)”.* (EP, Case 3)

Entrepreneurial philanthropists are actively leveraging further finance from the development of partnerships with other organisations that can co-fund specific programmes. This supports the earlier finding that the philanthropists are spending a

small percentage of their personal wealth and are leveraging resources from other individuals and organisations.

The final type of partnership employed is that developed with private commercial businesses (Case: 1, 2 and 3). This type of partnership typically blurs the boundaries between businesses and philanthropy and can cover a range of different activities. Case 1 has formed a partnership with a local private business to make an investment in a new entrepreneurial venture to create a commercial platform for the production of locally-sourced products for export. Case 3 has developed a partnership with a major multinational company to facilitate the inclusion of key nutrients and vitamins into specific elements in the food chain to create products that will benefit targeted groups of vulnerable people (pregnant women and children), helping to prolong and increase quality of life. Case 2 has developed partnerships with local businesses and professionals who can help their foundation to deliver programmes through the giving of their time, contacts and finance. It is evident that in the same way that entrepreneurs' are not a homogenous group, the entrepreneurial philanthropists' endeavours although similar are conducted very differently.

To provide further clarification on the partnerships with private businesses and the value this brings to the philanthropic process, Case 1 will be discussed in more detail. Case 1 has made an investment in a new entrepreneurial venture with an existing private enterprise in an African country; this investment is a mechanism to create a commercial platform for the production of locally sourced raw material for export. The investment facilitates the creation of appropriate commercial infrastructure to facilitate the creation and export of a product, which generates much needed revenue for the community (100% of the profits made by the entrepreneurial philanthropist are invested back into the region).

Importantly, the product that is being developed is based on the availability of raw materials particular to the region. This enables the philanthropy team to capitalise on an existing body of knowledge and skills embedded in the local community to harvest the raw materials for the product (coffee). In order to get the product to market (within the UK), other partnerships are formed with private businesses in the UK (to process the raw material and package the final product). Collectively, these

result in the creation of the necessary infrastructure to get the product to market. The entrepreneurial philanthropist also negotiates with the UK based private businesses to commit a percentage of their profits from this deal to the community development programmes in the region of the producer.

This particular venture is therefore creating the necessary infrastructure to take this product to market, as well as leveraging additional economic capital from the profits of the UK business partners which are channelled directly into the community development programmes. It is important to note that none of this could be achieved without this particular entrepreneurial philanthropist capitalising on his wealth of networks and contacts within the UK business community. The philanthropist also uses his business network to access the coffee buyer of a leading UK supermarket and secures shelf space to sell the new brand of coffee. This particular example displays the inter-relatedness of the multiple capital forms that are applied in entrepreneurial philanthropy. It also exemplifies the range of philanthropic activities that are being conducted which draw strongly from the philanthropist's knowledge, expertise and experience of entrepreneurship.

Adapting a market-oriented approach to philanthropy ensures that the coffee farmers, who form part of a group of farming cooperatives, are paid a good price. The profits made by the entrepreneurial philanthropist are directed back into community development programmes that are managed entirely by representatives of the community (community is defined as the farming cooperatives). It is the community representatives, not the outsider who decides what is needed and what is important. At the same time a high quality product has been produced solely because the necessary infrastructure has been put in place to facilitate this product getting to market. Local business has been generated in the partnership developed with the farming cooperatives, and although the roasting and packaging of the coffee occurs in the UK a percentage of the profits from those benefiting from this business deals in the UK, are directed back to the community development programmes. (The processing of the product is carried out in the UK because there are no coffee roasting plants in that specific region, and until demand for the product increases it may not be economically viable to invest in the setting up of a roasting plant in that locality).

This example is a clear illustration of the multiple forms of capital that are critical to the process of entrepreneurial philanthropy. It illustrates the ways in which the entrepreneurial philanthropists use private enterprises as mechanisms to create markets for products that serve to strengthen the people, community and country of origin. The adoption of a market-oriented approach to philanthropy acts to set a solid economic infrastructure that can enable communities to support themselves in the future. This happens through the creation of economic wealth, which will be reinvested in local social development programmes that include education and health programmes. Furthermore, this example illustrates the flow of capital from the entrepreneurial philanthropist to the multiple stakeholders in the process of philanthropy and most importantly to the end beneficiaries — the community.

It is evident across all of the cases that the development of strategic and core alliances is a critical component of entrepreneurial philanthropy. It is a means from which the entrepreneurial philanthropists can leverage and gain access to additional funding, knowledge, expertise, skills and contacts that collectively contribute to their overall capacity to affect the change which they champion. Apparent in this example is the subtle way in which entrepreneurial philanthropists champion the use of private enterprise and the application of an entrepreneurial mindset as a mechanism to empower communities that are vulnerable to poverty.

## **6.5 Conclusion**

This chapter has revealed how the practice of entrepreneurial philanthropy involves borrowing tools, techniques, strategies, tactics and mechanisms that have facilitated the philanthropist's prior success as an entrepreneur and wealth creator. First, it has shown the significant influence of investment principles from venture capital to entrepreneurial philanthropy. The investment principles adapted suit the social context and provide a framework to manage and support the investee organisation to achieve the ultimate objective of creating social change. The findings suggest that borrowing and adapting practices from entrepreneurship are important in fostering social innovation. Second, it has shown that the accumulation of specific development domain knowledge is an important feature of entrepreneurial philanthropy and is facilitated through the development of strategic partnerships.

Such partnerships extend the reach of the entrepreneurial philanthropist, by enabling them to accumulate multiple forms of capital (economic, social, cultural and symbolic) that have value to both their philanthropic and entrepreneurial activities. The ability of the philanthropists to leverage specific resources outwith their control heightens their capacity to be producers of change in a social and economic sense. Third, entrepreneurial philanthropy extends the reach of entrepreneurship into wider society through the championing of private enterprise activities to empower individuals, communities, regions and countries to become economically viable. Primarily this is directed at eradicating poverty in the long term (taking poverty in its broadest sense) by fostering private enterprise, and the development and support of education. This supports the theoretical proposition that entrepreneurial philanthropy bolsters capitalism as the dominant economic ideology. Fourth, the entrepreneurial philanthropists' adoption of a holistic approach means that foundations of a civil society are actively reinforced through their activities where education, healthcare and employment opportunities are focused upon. Fifth, the process of entrepreneurial philanthropy is typically located in an environment of social, political and economic uncertainty. The associated risks and unknown factors demand that it is adaptive, responsive and flexible. As such, the philanthropy team embraces experiential learning as being part and parcel of this model of philanthropy.

The chapter contributes to entrepreneurship theoretically and empirically by extending the theory of capital as presented by Bourdieu (1986). Specifically, the practice of entrepreneurial philanthropy is centred on the employment and accumulation of economic, social, cultural and symbolic capital. The chapter has illustrated empirically the importance of the four capital forms and their interconnected nature in the practice of entrepreneurial philanthropy. It is not possible to separate or use only one or two of the different forms of capital in entrepreneurial philanthropy, nor is it possible to separate the entrepreneurial habitus from philanthropy. It is this specific combination of resources and the mindset, behaviour and disposition that strengthens the capacity of the entrepreneurial philanthropist to be a producer of change through the identification and exploitation of opportunities within the social and economic realms. Significantly, there are continuities with the philanthropic activities of historic philanthropists such as

Andrew Carnegie who applied and accumulated multiple capitals in his business and philanthropic activities (Nasaw, 2006; Harvey *et al.*, 2011). Importantly, Carnegie was also accepted into highly influential political and business networks (Laird, 2006) which added considerable value to his ability to leverage further resources to his individual entrepreneurial and philanthropic activities. This bears a striking resemblance to the approach of the entrepreneurial philanthropists of today.

They recognise the need to adapt their behaviour and disposition to accommodate the complex environments in which they are making philanthropic investments. The accumulation of cultural capital (new knowledge, skills and expertise) is an important factor in their adaptive disposition, as is the development of an appreciation of the complexity of the new environment in which they are engaged (the world of international development) (Kharas, 2008).

However, the sum of the interconnected capitals coupled with the entrepreneurial habitus has clear value to the entrepreneurial philanthropist beyond philanthropic activities and in the business realm by extending their reach as hyper-agent (Schervish, 2003, 2005). The strength of the philanthropists' symbolic capital is viewed as significant and has value beyond simply their philanthropic activities. The names of influential world leaders are scattered throughout the case studies, as are those of influential and powerful business leaders. The intricate web of networks into which the entrepreneurial philanthropists gain entry and use are a necessary part of their ability to influence policymakers and to accumulate further resources.

The entrepreneurship discourse articulates that entrepreneurs are not a homogeneous group of individuals although they may share similar attributes (Timmons *et al.*, 2011). The empirical findings presented in this chapter contain many similar and overlapping activities of entrepreneurial philanthropy, and features that are distinctive to each individual philanthropist and their core team. Firstly, the institutions which entrepreneurial philanthropists create are serviced by a small team of highly competent and skilled individuals. Secondly, entrepreneurial philanthropy is practiced strategically both top down and bottom up. These factors support the practice of entrepreneurial philanthropy to be pro-active, responsive and adaptive to the needs and challenges that are common to the complex problems that form the

substance of philanthropic intent. This chapter has highlighted the interventions of entrepreneurial philanthropists which occur at a macro level. The following chapter explores the working practices of entrepreneurial philanthropy at a micro level by examining the deployment of different capitals to the programmes and projects.



## **CHAPTER 7: ENTREPRENEURIAL PHILANTHROPY IN ACTION**

### **7.1 Introduction**

This chapter explores how entrepreneurial philanthropists deploy their capital wealth (economic, social, cultural and symbolic) to the projects and programmes in which they invest. Specifically, this chapter focuses on the organisations that receive their support. It considers whether the practices advocated by entrepreneurial philanthropists are actually delivered in practice.

The preceding chapter proposed that entrepreneurial philanthropists own substantial amounts of the four different forms of capital (economic, social, cultural and symbolic) which they seek to deploy in their philanthropic activities. The data suggests that entrepreneurial philanthropists acknowledge that while economic capital is clearly an important resource for their philanthropy, there are other complementary resources which they deploy. They draw on their contacts and networks (social capital), their knowledge, skills and expertise (cultural capital) and acquire further knowledge from experts for use in their philanthropy. They leverage their individual reputation and status as a successful entrepreneur, to gain credibility in the field of philanthropy, and they leverage the symbolic capital of their partners. This supports the philanthropists' effort to strengthen their ownership of different forms of capital, as a means of acquiring and exercising power and the capacity to further their philanthropic and business activities. However, it has yet to be established empirically exactly how the entrepreneurial philanthropists deploy the different forms of capital into the projects and organisations that they choose to support.

The ownership of capital reflects the philanthropists' resources and power which they extend across the fields of business, philanthropy and politics. This is important as the philanthropists engage in a global agenda of social change with influential politicians, renowned entrepreneurs and celebrities. They acknowledge the value of their name and the name of their partners to open doors and enable them to hold counsel with very influential people and organisations around the world. Hence, the philanthropists understand and acknowledge the value that the combination of other names, knowledge, contacts and economic resources coupled with their own brings

to their philanthropic endeavours. This applies despite the fact these individuals are by normal standards abundantly wealthy (in this study ranging in net worth from £60 million to £1 billion). The philanthropists' ability to leverage the resources of other prominent influential persons or organisations is considered a mechanism to maximise the resources available for use in their philanthropy, which typically focuses upon complex social and economic issues.

## **7.2 The landscape of entrepreneurial philanthropy**

The global landscape of philanthropy is generally found to be focussed on geographic regions of political, social and economic fragility (for example the continent of Africa) (Brainard and Le Fleur, 2008). Such regions have seen no shortage of developmental aid being targeted at them over the last fifty years (Kharas, 2008). Despite this, these regions remain without much sustainable and meaningful change with the roots of problems remaining largely unresolved (Khosla, 2008). The issues which have become the focus of entrepreneurial philanthropy include poverty eradication, improving access to clean water, sanitation, improving access to healthcare, and education in materially deprived regions (in its broadest sense), both in developed economies (e.g. in UK inner city deprived areas) and in developing countries (e.g. in rural Africa). However, the programmes and projects supported by entrepreneurial philanthropists are typically small, although they suggest such programmes are being piloted and if proven will be adopted and scaled-up at a later stage. Therefore, it is beneficial to develop an informed knowledge and understanding of the projects and programmes that have become the focus of entrepreneurial philanthropy. A summary of the programmes associated with the five case studies underpinning this thesis is detailed in Table 7.1.

**Table 7.1: Projects supported by entrepreneurial philanthropists**

<b>Core Investee</b>	<b>Area of Intervention</b>	<b>Activity</b>
<b>Case 1 A</b>	Internally Displaced people in Conflict Zones (Uganda). 6 areas of activity: Health, HIV/AIDS, Water and Environmental Sanitation, Education, Child Protection, Shelter and Household items and Programme Management	Providing support internally displaced persons and families- through provision of a range of social services. Moving from a purely emergency response to a post conflict transitional recovery programme.
<b>Case 1 B</b>	Education: attendance, attainment, vocational pathways, parental engagement and business community engagement. To help secure the successful transition from secondary education into further, higher and vocational training and employment. Addressing the NEET AGENDA (young adults not in education, employment or training).	The introduction of a number of in-school initiatives for students considered to be at risk of falling into the NEET group. The introduction of individual case workers attached to school to work closely with the at risk group of students. Support in mapping out a post-school direction and support beyond school.
<b>Case 2 A</b>	Providing Safe Residency, Education and Vocational Skills to at risk adolescent girls (Kenya)	Providing financial support to a residential home that provides education and vocational training to vulnerable female adolescents.
<b>Case 2 B</b>	Developing a sustainable social enterprise that funds social development programmes in Kibera Slum in Kenya	Provision of vocational training, support & employment opportunities for vulnerable adolescent females. Supporting community and school based initiatives to support children in poverty to attend school.
<b>Case 3 A</b>	Strengthening sub-standard education within state funded schools in India. Targeting high levels of illiteracy and innumeracy in school children through improving education standards.	Education- curriculum development and teacher training (in Tamil Nadu). To be adopted by government in state schools.
<b>Case 3 B</b>	Children with Aids & HIV not receiving treatment (Africa)	Making Anti Retro Viral's (ARV's) accessible to children, bringing down the cost of ARV's in developing countries. Since 2005 over 220,000 children have received ARV treatment through this programme across 32 countries.
<b>Case 4 A</b>	Supporting the independent living of individuals with a disability in Ethiopia	Financial support to a residential home for the disabled that provides corrective surgery, rehabilitation and physiotherapy to children with corrective disabilities. Furthermore, the provision of a post-polio outreach community service (Ethiopia) in rural areas.
<b>Case 5 A</b>	Providing a range of early intervention services to at risk young people from 8-18years of age (UK)	Variety of programmes and mentoring services for adolescents between the age of 7 and 14 years at risk of school expulsion, who reside in an area of social and economic deprivation.
<b>Case 5 B</b>	Early preventative intervention in homelessness (UK)	Mentoring project and skills development programme to facilitate and support independent living to young adults due to leave the care system. This is a preventative programme to help young adults at risk of homelessness.

The overriding theme of the programmes detailed in Table 7.1 relate to poverty in its broadest sense: health, education and wellbeing. This is illustrated by the breadth of programmes that are being supported by the philanthropists, including school initiatives (UK based) that help to raise the aspiration of children at risk of falling into the NEET category (Case 1), the provision of social services to help the transition of internally displaced persons in Uganda during the post conflict phase to find permanent residences (Case 1), supporting vulnerable adolescent females in Kenya to develop vocational and life-skill training to facilitate independent living, securing the accessibility of anti-retro viral drugs for children with aids (Case 3), supporting the early prevention of homelessness by supporting young adults in care to be equipped for independent living beyond the care system (Case 5).

Considering the breadth of programmes that are being supported by the entrepreneurial philanthropists there is a need to clarify what specific forms of capital are actively deployed to such programmes. To facilitate this investigation, access to the leaders of specific projects and programmes being supported was negotiated. Interviews were conducted with the investee organisation / programme leader to ascertain what specific philanthropic capital has been deployed to their organisation. The following sections present evidence of the different forms of capital that the projects receive from the philanthropists.

### **7.3 Economic capital**

Economic capital is often the starting point of discussion for the formal interaction that takes place between philanthropists and the leaders of the organisations that they consider supporting. It is the most predictable part of the philanthropic process given that the transfer of economic capital is historically linked with philanthropy (Fleishman, 2007). This section considers the ways that economic capital is deployed into the projects by analysing nine projects supported by the five foundations that form the case studies. Data has been collated from interviews with the recipients and official foundation documents, which have been internally and externally sourced.

**Table 7.2: Sums of economic capital invested in individual programmes and projects**

<b>Recipient Organisation</b>	<b>Sum of Economic Capital Deployed by Philanthropist into project.</b>	<b>Purpose of Initial Capital</b>	<b>Follow On Capital</b>	<b>Follow on Capital Amount</b>	<b>Accumulative Sum of Total Investment to programme/project</b>
<b>Case 1 A</b>	£ 1 million (covering period 11/2005-06/2008)	Emergency response	NO	–	£1 million as a one off sum.
<b>Case 1 B</b>	£1.5 million (2007-2010)	Seed capital	NO	–	Received matched funding from Scottish government increasing the total funding to £3 million.
<b>Case 2 A</b>	£15,800 ( 2007: £10,800) (2008: £5,256)*	Maintenance Capital	Yes	£3,600	£19,400 (2007-2009)
<b>Case 2 B</b>	£192,140 (2007 & 2008): this sum reflects the amount invested in setting up the social enterprise and the amount directed to the social development programmes that it has been set up to specifically support.	Start-Up Capital for Social Enterprise Venture and Maintenance Capital for associated social development programmes	Yes	£344, 527	£536, 667 (2007-2010)
<b>Case 3 A</b>	£ 400,000 (2008)	Growth Capital	Yes	£1,800,000	£2.2 million (2008-2011)
<b>Case 3 B</b>	£2,261,706** (2005-2006)	Seed Capital	Yes	£4,158,294	£6.4 million (2005 to 2011)
<b>Case 4 A</b>	£150, 000 (2008)	Maintenance	Yes	£292,500	£2.492,500 million (1998-2009)
<b>Case 5 A</b>	£60, 000 (2008)****	Growth Capital	No	-	£300,000 (2003-2008)
<b>Case 5B</b>	£40,000*** (2008)	Growth Capital	Yes	£204,000	£230,000 (2004-2008)

Notes: \*This organisation also received significant funding from the philanthropists private family foundation where the amount of funding provided remains undisclosed.

\*\* This sum was directed at a very specific ARV programme; however the foundation (Case 3) has also directed other amounts of money to this recipient to further support the programme and the general funding of programmes in America to an approximate amount of £2 million during 2005-2006.

\*\*\* At time of data collection a financial commitment had been made to the recipient by the Foundation (case 5) for a sum of £96,000 in 2008/09, and a further £108,000 for 2009/2010.

\*\*\*\* This organisation was reaching the end of its funding relationship with the foundation at 2008 and at time of field work was actively seeking other funding partner.

### 7.3.1 The amount of economic capital deployed to investee organisations

The sums shown in Table 7.2 are not especially large amounts of money when considered in relation to the total wealth of each philanthropist (see Table 6.3). Table 7.2 provides a snapshot of the amount and type of funding that is deployed into specific projects. However, in addition to the sum of economic capital being deployed by each philanthropist (across all of their philanthropic activities) there is also the active leveraging of additional funding from other organisations or prominent individuals (Case: 1, 3 and 5). The additional funding comes from other high net worth individuals (Case 3), from government match funding (Case: 1 and 5), and donations which were raised via the general public (Case: 2 and 4). Hence, the amount of economic capital that is deployed to programmes is not entirely transparent even by accessing the formal charity returns documents and internal foundation documents.

Previously Table 6.3 presented the annual spend of each foundation over a three year period. This is developed further by Table 7.3, which details the foundation expenditure over a three year period (using the latest accessible returned financial accounts) and lists the annual average spend per case, the annual average spend across cases and the standard deviation figure.

**Table 7.3: Philanthropic spend, 2007-2009**

Foundation	Official Annual Spend (in 2007)	Official Annual Spend (in 2008)	Official Annual Spend (in 2009)	Case Annual Spend Mean
Case 1	7,271,163	11,443,749	8,713,541	9,142,818
Case 2	68,230	329,386	253,632*	217,082
Case 3	11,652,583	33,775,210	27,438,186	30,606,698
Case 4	695,927	1,804,142	2,115,041	1,959,592
Case 5	5,000,000	5,000,000	365,160	2,682,580
Average across cases	6,154,918	10,470,497	7,777,112	-
Standard Deviation	4,568,177.67	13,710,680.56	11,522,082.73	-

Notes:

The figures are in pounds sterling and have been extracted from the official figures returned by each foundation to the Charity Commission (in England) and the Office of Scottish Charities Regulator (in Scotland) and publicly made available in 2010.

\* This is in addition to a sum of £78,974 (in 2009) distributed by this philanthropist through his own family foundation to projects in Kenya.

As evidenced within the group of five case studies, there is considerable variance in annual foundation expenditure. However, this is not specifically related to the individual level of personal wealth of the philanthropist as may be expected, especially, when it is considered that the philanthropist from Case 3 has relatively moderate wealth in comparison to those of Cases 1 and 5 and yet this case has the biggest economic expenditure of all of the foundations. Table 7.3 shows that in 2007 the average philanthropic expenditure across the cases was £6.16 million and the standard deviation was £4.57 million this is explained by the three outliers in the group. Whilst three of the cases have an annual expenditure in the region of £5 and £11 million, Cases 2 and 4 have a significant lower expenditure of £68,230 and £695,927 respectively. Case 3 is an outlier with an annual expenditure of £11.6 million which is almost double the group average. These figures account for the variation between the average figure of expenditure across the cases and the standard deviation.

However, of particular interest are the entries for 2008 where there is a significant increase in expenditure across the majority of cases with the exception of Case 5. The group average annual expenditure increased by 41.2% to £4.3 million and the standard deviation increased by three times the previous year's figure. This can be explained by the 200% increase in expenditure by Case 3 in 2008 from the previous year. In fact all of the cases (except Case 5) increased their expenditure significantly during that year. This is interesting when it is considered that 2008 was the year of the Global Financial Crisis. However, the substantial increase in expenditure by the majority of the cases can be explained. Cases 1 and 3 had committed to fund specific programmes the previous year and followed through on their commitments. During 2008 Case 2 implemented a partnership approach to funding their foundation with the formal inclusion of corporate partners into the foundation, which explains the increase of funds available to spend. The increase in capital expenditure is related to the funding requirements of the social enterprise. In 2009 the philanthropic expenditure of the cases is not too dissimilar, with the exception of Case 5 where the figure decreased significantly. This can be explained by the philanthropist withdrawing from his UK philanthropic profile due to personal reasons and subsequently closing his UK foundation and focussing efforts elsewhere.

It is apparent that the overall amount of economic capital being deployed by the philanthropists is fairly moderate in relation to the levels of personal wealth across the group. This suggests that economic capital is just one part of the resources used by entrepreneurial philanthropists. Yet, economic capital is often the resource on which most emphasis is placed by social commentators and media reports on the philanthropic activities of high net worth entrepreneurs. More specifically, the pledges of wealthy philanthropists are often the focal point of media discussion, rather than the actual amounts invested. In this respect the media play a substantial part in over-claiming the financial magnitude of philanthropic endeavours of wealthy entrepreneurs.

### **7.3.2 Releasing funds to recipients**

It is important to ascertain at what stages of the philanthropic process monies are released by the foundation to the investee. The philanthropy team emphasises the need to be flexible with the money that is invested in specific programmes and projects (Case: 1, 3 and 5), and asserts that it drip feeds money into programmes on specific targets and outcomes being met. The flow of economic capital from the foundation to the investee is illustrated in Table 7.4.

**Table 7.4: The deployment of economic capital at key stages of philanthropic process**

<b>Recipient</b>	<b>Pre-Investment</b>	<b>Early Engagement</b>	<b>Mid Engagement</b>	<b>Flexibility</b>
<b>Recipient A, Case 1</b>	N/A	✓	✓	✓
<b>Recipient B, Case 1</b>	N/A	✓	✓	✓
<b>Recipient A, Case 2</b>	N/A	✓	✓	
<b>Recipient B, Case 2</b>	N/A own venture	✓		✓
<b>Recipient A, Case 3</b>	✓	✓	N/A	N/A
<b>Recipient B, Case 3</b>		✓	✓	✓
<b>Recipient A, Case 4</b>	N/A	✓	✓	✓
<b>Recipient A, Case 5</b>	N/A	✓	✓	✓
<b>Recipient B, Case 5</b>	N/A	✓	✓	✓

The data shows that the deployment of economic capital into projects and programmes occurs at different stages of the philanthropy process. From the earliest stages (before a firm commitment has been made as is evident in Case 3), through to the latter stages of the philanthropic investment there is a flow of economic capital



from the foundation to investee. It is common for economic capital to be drip fed into projects against a pre-agreed set of objectives as evident in Cases 1, 3, and 5. This method allows the foundation to retain some degree of control over economic capital, and enables the philanthropy team to manage and monitor the associated risks of the investment accordingly. Perhaps even more importantly, this approach to deploying economic capital enables the philanthropy team to monitor the performance of the recipient organisation to meet their agreed strategic and specific objectives. The following quotes are illustrative:

*“We had to sign a contract and we had to agree that we would deliver on very specific outcomes and that we would be reporting back quarterly”. (Recipient A, Case 1)*

*“The (Foundation) have applied a higher standard to us in terms of us satisfying them that we are actually spending the money well and achieving results”. (Recipient B, Case 3)*

However, the drive of the entrepreneurial philanthropists to succeed in creating change and social impact is also a determinant of their approach to protect and manage their investment. More specifically, to make recipients accountable to the foundation as is illustrated in the following quote:

*“The (name of foundation’s) proactive investment strategy aims to maximise accountability and ensure that each funded programme achieves maximum return as measured by the well-being of the (end recipient)”. (Internal Document, Case 3)*

This statement clearly articulates the requirement of the foundation to be proactive and married to the absolute need to maximise accountability of each programme to achieve the desired impact and results rather than to safeguard its economic capital. However, despite the shared characteristic to manage and monitor the performance of the recipient, the philanthropy teams accept that there is a need to be flexible in dealing with recipients. Specifically, this is in relation to the pre-agreed objectives, as there are circumstances that may prevent agreed objectives being met. Hence, there is a strong sense of realism exhibited by the philanthropists and the recipients as to what is realistic and achievable. More specifically, there is an acceptance that environmental circumstances can decrease the value of economic capital in a given situation. The data shows that flexibility is considered to be fundamental to the

approach of the philanthropists and in the method of deployment of economic capital.

#### **7.4 Social capital**

The data shows that the deployment of social capital from the entrepreneurial philanthropist to the recipient features significantly in the mix of philanthropic capital deployed to projects and organisations. Importantly, the deployment of social capital adds value to the recipient organisations by brokering opportunities that helps them gain access to new networks and resources and illustrates the productive value of social capital (Coleman, 1988; Burt, 1995; Jack et al., 2004; Jack, 2010). First, the deployment of social capital is a mechanism through which additional funding can be leveraged for the recipient from other parties (Case: 3 & 4). Second, the deployment of social capital can be a mechanism through which additional cultural capital can be leveraged. This comes in the form of valuable domain knowledge and expertise, which can help to deliver the product, service or activity more effectively (Case: 1, 3 & 4), but it can also be considered as a strategy to develop the scale of the intervention. Third, entrepreneurial philanthropists act as gatekeepers to networks that have the potential to add considerable economic and cultural value to a recipient who gains entry to them. Finally, the recipient can also leverage symbolic capital from the entrepreneurial philanthropist as well as from their new associations within a recently accessed network. Hence the value of social capital in the context of philanthropic capital that is actively deployed to projects is multi-dimensional. This is relevant to the work of Burt (1997) and Coleman (1988) who found there is a value function of social capital which helps to progress transitions from micro to macro level. The data suggests that the relative value of social capital to the recipient is substantial, and is similar to that derived from the adaptive networks of nascent entrepreneurs through the different stages of their venture lifecycle (Johansson and Mattson, 1994; Hakannson, Havila and Pedersen, 1999; Hakannson and Snehotta, 1995; Hertz, 1996; Slotte-Kock and Coviello, 2010). This value of social capital to recipients is illustrated in Table 7.5.

**Table 7.5: Forms of social capital being deployed to recipients**

<b>Organisation</b>	<b>Social Capital Deployed</b>	<b>Productive Capital</b>	<b>Differential Outcome</b>
<b>Recipient A, C1</b>	N/A	N/A	
<b>Recipient B C1</b>	Limited	Cultural	Leadership development
<b>Recipient A, C2</b>	N/A	N/A	
<b>Recipient B, C2</b>	Partnership model adopted in relation to raising funding and accessing specific domain knowledge.	Economic & Cultural	Additional funding raised and valuable knowledge and skills being added into project.
<b>Recipient A, C3</b>	Introductions being made to other potential funders.	Economic	Additional funding is actively being leveraged from new contacts.
<b>Recipient B, C3</b>	Syndicate Funding Model adopted.	Economic	Additional funding leveraged for project that was also developed into a more long term funding relationship.
<b>Recipient A, C4</b>	N/A	N/A	N/A
<b>Recipient A, C5</b>	Making introductions to other potential philanthropic funders.	Economic	Additional Funding leveraged
<b>Recipient B, C5</b>	Making introductions to other potential philanthropic funders.	Economic	Additional Funding leveraged

Table 7.5 shows that substantial value is derived from the deployment of social capital in the form of raising additional finance for the recipient. Importantly, this may occur both directly and indirectly. If we consider Case 3, for example, there is evidence of an informal syndicate of philanthropists being created and championed by the philanthropist (from both recipient A and B, C3). In addition to directing economic capital deployed to a specific project through their own foundation, the philanthropist actively champions other high net worth individuals to do the same. This occurs through holding exclusive invitation only dinners with high net worth peers, where specific projects are introduced and championed. During such dinners the invited attendees are offered the opportunity to give to the project, on their own terms, or if they prefer they can have the philanthropist’s foundation manage their donation for them. This is an example of an informal syndicate of philanthropic

capital. The newly formed syndicate of philanthropy acts as a catalyst for the provision of additional funds. This illustrates the entrepreneurial philanthropist acting as a gatekeeper for the recipient to be able to tap into other networks of potential funders. The additional donations have in some cases developed into a concrete funding relationship between the recipient and its new donor where a long term funding relationship is formed. However, not all attendees of such dinners do actually make a formal donation to the projects that are being championed. The following quotes are illustrative:

*“For the paediatric initiative she (philanthropist) has raised some of the money but she has also had several other institutions and individuals agree to fund the initiative”. (Recipient B, Case 3)*

*“Actually, they (foundation) have helped us to identify a few other funding organisations. So tomorrow I have a meeting with a group of Foundations”. (Recipient A, Case 3)*

In addition to this very specific example of the direct leveraging of funds through the social capital of the entrepreneurial philanthropist, Case 2 also presents another example where economic capital is leveraged from social capital. More specifically, Case 2 has adopted a foundation partnership model. The entrepreneurial philanthropist has drawn on his trusted business contacts and developed a partnership model of philanthropy, changing the name of the foundation to reflect the new partners. This not only leverages additional funding for the foundation but includes other capital resources from the new partners that can be accessed directly by the foundation. The additional mix of resources (finance, contacts and expertise) is applied to the social enterprise venture of the foundation. Importantly, the profits of the social enterprise will be directed to specific social development programmes as and when it becomes profitable (in addition to the philanthropic capital provided by the foundation). This develops a flow of funds to the social development programmes that becomes sustainable and can be separated from the foundation in the long term. The overall aim of the social enterprise is to reduce the dependence on external funding for such programmes.

In Case 2 the adoption of the partnership model has resulted in the renaming of the foundation, recognising it has moved beyond drawing solely on the personal wealth of the philanthropist. The foundation draws on the wealth of other individuals and/ or

corporate organisations (known and trusted business associates of the entrepreneur). Therefore, in this particular case, the value of the entrepreneurial philanthropist's social capital is substantial and results in the contribution of cultural capital from the new partners deployed into the social enterprise. The new partners' ability to draw on their own networks and contacts and deploy them to the social enterprise venture, strengthens the combination of resources available to develop it.

This partnership model has been adopted as a mechanism to develop the resources of the foundation. More specifically, this helps to direct the specific knowledge (accountancy, legal, private equity) and contacts (including a range of individuals and organisations) whose specific skills and knowledge has been capitalised within the social enterprise. This includes bringing in fashion models, clothing designers, professional photographers, retail moguls (as advisors) and formal art and textile educational establishments to help develop the venture. The foundation draws from the diverse range of contacts accessing valuable knowledge on clothing and jewellery design and production, all of which, collectively and individually, helps to develop the social enterprise to become sustainable so that it can fund the social development programmes in Kenya. The philanthropist's approach of leveraging the sum of resources of the new partners has supported the foundation's attempts to bring the products of the social enterprise to market in the UK, a goal realised in 2009.

The data shows there is real value derived by the investee from the entrepreneurial philanthropists' social capital being deployed (Case: 1, 2, 3, and 5) by the harnessing of opportunities that may not otherwise have been possible. The following quotes are illustrative:

*"She (name of chief executive of foundation) generated goodwill, contacts and advice for us... provided people to contact and she put me in contact with (a management consultant employed by the Foundation) who came over quite a few times and looked at seeing if we could get Corporates (funders) to come on board and she has been great in putting (our name) about". (Recipient A, Case 5)*

*"She (name of chief executive of foundation) is an incredible networker and you come out of every meeting with a list of fifty people to talk to". (Recipient B, Case 5)*

*"It is a combination of their funding and the fact that (name of chief executive) has mentioned us positively to all sorts of people. You know I get all sorts of people phoning up and saying ( the chief executive) has said some*

*nice things about your organisation and I would like to meet you or find out more about what you do". (Recipient B, Case 5)*

*"He (name of philanthropist) certainly helps to open doors for us". (Recipient B, Case 1)*

The data confirms there is substantial value added to the investee from leveraging the social capital of the foundation. There is also indirect value created by the deployment of social capital into projects through the transfer of knowledge from third parties via the foundation to the recipient. This has been highlighted in the previous chapter through the strategic recruitment of board members (Cases 1 and 3) whose significant ownership of cultural capital (as well as social and symbolic capital) is capitalised on by the philanthropists in their specific philanthropy programmes. This is also a common aspect of the value added by a venture capitalist to an investee in the post investment phase (Macmillan *et al.*, 1985; Sapienza and Timmons, 1989).

However, what is of particular importance is that although social capital is being deployed into the projects, there is also in two of the cases (1 and 3 who are both involved with one specific recipient, but in different programmes) a significant return of social capital and symbolic capital from the recipient to the entrepreneurial philanthropist. The entrepreneurial philanthropists of Case 1 and 3 have derived substantial value from the symbolic association of the figure head of their investee organisation, which has enabled them to access networks that have benefitted their philanthropic activities. This finding supports the theoretical theme of entrepreneurial philanthropists accumulating capital at the same time as deploying their capital wealth. However, across all of the case studies the social capital that is deployed by the philanthropists into projects adds considerable value to the investee through the production and/or transfer of knowledge (from third parties into the mix). This is further developed by facilitating the investee to gain access to funds from third parties. Hence, the productive effect of social capital is multi-dimensional and adds substantial value to the recipient organisation; but importantly also adds value to the philanthropist (through his ability to leverage cultural capital, as well as symbolic capital from the recipients). The deployment of cultural capital is explored and discussed in the following section.

## **7.5 Cultural capital**

The entrepreneurial philanthropists suggest that they deploy substantial cultural capital, through the transfer of knowledge that is both strategic and process-oriented. This is in addition to the strengthening and enhancement of the recipient's entrepreneurial disposition, which occurs through the flow of cultural capital between the different parties. This section presents how cultural capital is deployed into the actual projects and programmes that are supported.

### ***7.5.1 Cultural capital as a mechanism for creating mutually beneficial relationships***

The data shows that the interaction between the core philanthropy team and the recipient is built on a relationship where there is significant scope for both parties to contribute to knowledge exchange and to the deconstruction of social problems. Specifically, both parties can add considerable value to each other through the exchange of domain knowledge. The ability of each party to enter, develop and actively maintain a relationship that fosters knowledge exchange (between both parties) is important to the level of engagement and the productive value of the relationship. The following quotes are illustrative:

*“We did a lot of learning as we went and I think that has allowed both sides to build a lot of mutual respect and credibility on both sides”. (Recipient B, Case 3)*

*“From my point of view they instigated this relationship funding, which is fantastic because you can be totally open and honest with them and not be frightened that if I say such and such there might be a black mark against us. If I am in trouble, then I can phone them and say it is not working”. (Recipient A, Case 5)*

*“They (foundation) have got that broader picture and they are not just a disher out of cash but a neighbour and a supporter and as someone that Charities can have open dialogue with”. (Recipient B, Case 5)*

*“I think there is a lot of respect in the relationship, I think we have respect for the (CEO) and for the (project manager) personally and I think organisationally there is a respect and understanding that works both ways”. (Recipient B, Case 5)*

Substantial emphasis is placed on the development of a strong and healthy working relationship between the core philanthropy team and the recipient. This is highly evident across all of the cases (1, 2, 3, 4 and 5). This type of mutual and beneficial

relationship facilitates the sharing of knowledge that occurs across a spectrum of issues as is illustrated in Table 7.6.

**Table 7.6: Types of cultural capital deployed to projects**

Recipient Organisation	Knowledge (Strategic)	Knowledge (Process)	Skills (Technical)
Recipient A, Case 1	-	Evaluation	-
Recipient B, Case 1	Vision Leadership	Evaluation	-
Recipient A, Case 2	-	-	Financial
Recipient B, Case 2	-	Measurement & KPI's Evaluation	Business advice (web), Branding and Marketing. Financial
Recipient A, Case 3	Vision & growth Leadership	Measurement & KPI's Evaluation	Management Reporting
Recipient B, Case 3	Vision & growth	Measurement & KPI's	-
Recipient A, Case 4	Staying focussed.	-	-
Recipient A, Case 5	Looking outwards	Measurement & KPI's Evaluation	Networking
Recipient B, Case 5	Looking outwards	Measurement & KPI's Evaluation	Networking

Table 7.6 suggests how cultural capital is deployed to the recipient projects. Importantly, this occurs across a range of issues which add value to the recipient organisation. The data suggests the overall aim of deploying cultural capital is to enhance the capacity of the investee organisation to deliver social change, social impact and extend its future reach. This bears similarity with the non-financial value added support that venture capitalists provide to investees (Sapienza et al., 1994; Large and Muegge, 2008). Recipient A (of Case 2) is the exception as there is little cultural capital deployed to them. This is related to the fact that Recipient A is an expert in the provision of residential care, counselling, education and vocational training of vulnerable female adolescents, an area where the funder is inexperienced. As such, economic capital is primarily directed at the expert. This is beginning to change however as the foundation is evolving. The new partners are able to contribute other resources to support the organisation (like accountancy domain knowledge).

*“At the moment as they expand the Foundation they are also bringing in other partners who can contribute to that kind of aspect- financial and other knowledge. So for example, one of their partners an accountant came out for*



*three weeks and took a look at our books and all that kind of stuff and helped us to organise a bit". ( Recipient A, Case 2)*

In this example, although little cultural capital is deployed to this recipient's organisation, there is evidence of some transfer in relation to finance through the new partnerships that the foundation has formed. The relationship between the foundation and Recipient A (of Case 2) has grown to become more than one of donor and recipient. In fact, the recipient has been very involved in championing the social enterprise venture embedded in the local community. Importantly, this links directly back to the recipient's organisation in terms of developing income-generating activities for their client base through the provision of employment and training opportunities.

To elaborate further, Case 2 has created a social enterprise that has strong links to the beneficiary of Recipient A. The end beneficiaries of Recipient A's organisation are provided with vocational training and employment opportunities through the skill base they have developed whilst in the care of Recipient A's organisation. The social venture that Case 2 has created with significant input from Recipient A, draws on the human capital of the end beneficiary group. At the time of data collection, the joint plan created by the foundation and Recipient A was to direct a percentage of the profits from the social enterprise into Recipient A's organisation, as a mechanism to strengthen its financial position and to generate future running costs of the residential homes and training centres that it operates. The retail aspect of the social venture initially planned to source products directly from the end beneficiaries of Recipient A's organisation. This would have enabled this group of individuals to earn a living, to develop new knowledge and skills (through further training) and which supports their economic independence. What is of interest is that, although the cultural capital deployed specifically into the project (that is the sole responsibility of Recipient A) is minimal, their emerging role in the new social enterprise venture facilitates substantial transfer of knowledge which is business focussed, strategic and process oriented and which they can apply in their organisation. This is interpreted as an indirect added value of their participation in the new social venture, rather than a deliberate deployment of cultural capital to the individual from the philanthropist and their team.

The data shows that the deployment of cultural capital by the philanthropy teams to the investee organisations takes different forms. It is both strategic and process-oriented, and occurs across a spectrum of issues including the development of management processes, evaluation and reporting techniques, assessing the type and the quantity of resources required and how to access such resources. Within this context it is also important to explore the different stages of the relationship when knowledge transfer occurs.

### ***7.5.2 The pre-investment stage and the deployment of cultural capital***

The data shows that a high level of knowledge transfer occurs between the philanthropy team and the potential recipient during the pre-investment stage of the process, when no formal commitment to invest has been made (Case: 1, 3 and 5). This is distinctly different to the similar stage of the venture capital process. During this time the philanthropy team assesses the suitability of the potential investee and considers whether the potential recipient has specific domain knowledge and expertise in the chosen area of the philanthropist. At this time, through the occurring interactions, the philanthropy team guides the potential recipient to think more strategically about the potential impact of its social innovation, leading the potential recipient to consider what its own contextual expertise can achieve, combined with the entrepreneurial mindset, approach, resources and experience of the philanthropy team. This is a softer dimension of the deployment of cultural capital, which occurs during the early stages of the relationship. Critically, this acts to enhance the ability of organisation leaders and programme managers to think through the potential impact and scale of their product or service. Furthermore this is interpreted as strengthening the potential investee organisation's vision of how social change can be catalysed through the formal relationship. The philanthropy team applies a significant amount of time with potential recipients at the front end of the process. The interactions that occur between the philanthropy team and the recipients in Case 3 stand out as being incredibly influential in this respect. The following quotes are illustrative:

*“Every time we engage with them (the philanthropy team), they force us to be more thorough in our thinking and so this process of writing proposals and getting them reviewed, and them coming back with lots of questions and then*

*us revising it, means it gets longer but by the time they are done they are pretty solid proposals” (Recipient B, Case 3).*

*“The whole proposal writing exercise has been very useful because we have had close to 29 revisions...sometimes just knowing what is good about it helps us and knowing what is bad helps us say okay we can change it in a way that is most positive. That is something that has been very, very useful. Basically they have helped us present a lot of our work and to rethink a lot of our work better, without changing the substance”. (Recipient A, Case 3)*

The interaction which occurs between the potential recipients and the philanthropy team during the development of a proposal for funding (in Case 3) illustrates the effort and resources applied by the philanthropy team to develop the capabilities of the organisation. An effect of such early interaction on the organisational leadership is that the level of reflexivity of the individual leader is enhanced. The following quotes are illustrative:

*“There is this person called (name of person from foundation) who landed up in Chennai and spent about a week with us to understand the whole thing. So I spent almost every day with him and he had done a lot of homework, he had read every detail of our work. The kind of questions he would pose, often it was not easy for us to answer, but he made us think”. (Recipient A, Case 3)*

*“It (the relationship with EP) has made us think about how we can accommodate similar types of funders...it has opened our eyes a lot to venture philanthropy as a group”. (Recipient B, Case 1)*

The posing of questions by the philanthropy team to the potential investee organisation (during the early stages of their relationship) helps to engage it in a reflexive way by encouraging the potential investee to consider how to deliver change that is scale-able, measureable and impactful. Furthermore, as is evident from the comment relative to Case 1, the organisation (a large bi-lateral international development organisation) has been reflexive about how it can continue to engage with this type of philanthropic funder. The data suggests that through engaging in a process of reflexivity the ambition of the potential investee organisation’s leadership is further clarified, and shapes their thinking on what can be achieved in their related activities. The data illustrates that ambition is prevalent in the leadership of investee organisations, before their interaction with the philanthropy team. However, it is strengthened and realised through the relationships that are formed. Importantly this

also derives from the potential investee's realisation of the potential provision of resources that can be accessed. The following quote is indicative:

*"I think with (the foundation's) support we will reach the scale, but I think the ambition to reach that scale was already there...I think what (name of foundation) has provided is the organisational skills right now and if (name of foundation) gives the support we will also have the funding support to get to that scale". (Recipient A, Case 3)*

This comment illustrates that it is not always the entrepreneurial philanthropist who drives the scale of social change. Rather, there is an existing ambition to achieve scale exhibited by the social entrepreneur and change maker prior to the actual formalisation of the philanthropic relationship. Therefore, this cannot alone be attributed to the interaction that occurs between the philanthropy team and the potential recipient. Although the focus here has been on Case 3, where the impact of entrepreneurial philanthropy at an individual level is conspicuous; there is evidence from the other cases that the deployment of cultural capital during the early stages of the philanthropic process strengthens the potential recipient's entrepreneurial mindset and the ambition to grow the organisation. The following quote is indicative:

*"She (chief executive of the foundation) has helped us to stand back and look at the business and take it that step forward from being round the kitchen table. Enabling us and giving us the confidence that we actually can run a medium sized business, because of the opportunities that she has given us to learn and the people that she has put in place". (Recipient A, Case 5)*

These comments illustrate the softer impact of knowledge transfer which is acknowledged and valued by the recipients and translates into the transfer of knowledge that is both specific and process-oriented. This aspect develops substantially even after the formal commitment to invest has been made and is evident across all of the cases. The application of process-oriented knowledge strengthens the capacity of the recipient organisations to deliver a product or service. It influences how they think about achieving scale of social impact. In Cases 3 and 5 the interaction between the philanthropy team and investee organisations (Recipient A, Case 3 and Recipient B, Case 5) facilitates the development of a broader outlook. This is related to the development of a better understanding of the macro environment in which the specific product or service is located. This provides the investee organisations with other useful points of reference to their activities;

including organisations that can be used as benchmarks. The following quotes are illustrative:

*“I think (my organisation) has become, or bits of it, have become more outward looking as a result (of the relationship with foundation). Better at networking, keener to look elsewhere for good practice rather than thinking we know it all ourselves”. (Recipient B, Case 5)*

*“I had not felt such a strong external evaluation need for us, but I realise now it is very critical to get government support, and to get funding agent support”. (Recipient A, Case 3)*

The data suggests that such interaction strengthens the investee organisation's leadership, which is important to the ability to position themselves within the macro environment. Furthermore, it enables the potential investee organisation to identify the value that can be derived from external evaluation of its activities, and its capability to leverage additional political and economic support for its activities. The emphasis placed on external evaluation by philanthropic funders has been a direct result of the deployment of cultural capital. More broadly, this translates as the deployment of cultural capital that enhances and strengthens organisational capacity.

### ***7.5.3 The deployment of cultural capital during the post investment stage***

The deployment of cultural capital to recipient organisations occurs more intensively post-investment and comprises of process oriented knowledge, measurement tools and techniques that transfer across from the commercial sector to the philanthropic sector. Here, the similarities with the process of venture capital investment become evident (Robbie and Wright, 1997; Mason, 2006). Specifically, this discussion will focus on the knowledge transfer that facilitates the recipient to adopt performance measurement and evaluation techniques. This is evident across all of the investees profiled in the case studies. In relation to this, the issue of what these organisations are able to do by implementing such practices is considered. This is important in terms of understanding the organisational ability to assess impact and scale-ability. The investee organisations are able to leverage additional funding and expertise from the external evaluations commissioned by the foundation on their activities. This is in addition to the quantitative and qualitative reports that are produced by the individual organisations for the foundation, and which typically form part of the philanthropic investment agreement. The strengthening of management performance and

organisational processes occurs through the transfer of business domain knowledge from the philanthropy team to the investee. The transfer of such knowledge is valuable in understanding the organisational change that emerges from the interaction between the organisational leaders and programme managers with the philanthropy team. Such interaction supports the introduction and implementation of processes more commonly found in commercial ventures (for example, quarterly reporting) transferring over into the social-oriented organisation.

#### ***7.5.4 Business performance techniques***

The adoption of performance measurement techniques is an activity that is evident across all of the cases, and is attributed by the investee as being a direct result of the relationship with the entrepreneurial philanthropy team. The reasons for encouraging the adoption of such techniques has been discussed from the perspective of the philanthropy team, as being one which facilitates investees to become transparent in their activities. Importantly, by introducing such techniques to the investees (or by demanding that they form part of the transfer of economic capital as evident in Case 1) it also acts as a mechanism for the philanthropy team to safeguard its investment. However, such mechanisms are also designed to strengthen the capacity of the recipient organisation to deliver a programme or service. This is in line with Kaplan's (2001) view of the benefits of adopting strategic performance, measurement and management techniques in a non-profit organisation. The following quotes are illustrative:

*“They (Case 3, EP) are the most thorough about wanting to measure impact properly and in kind of a very objective irrefutable way if you will. So in those respects they are way beyond anybody else that we work with”. (Recipient B, Case 3)*

*“We are providing quarterly progress reports on the project to the Foundation and feeding back to them on the evaluation, and these would be in the form of a meeting and in sending them the reports. They have quite a strong academic rigour in terms of wanting to measure outcomes and have really achievable goals in a project, and in ensuring that they are cost effective and meet their own philanthropy principles”. (Recipient A, Case 1)*

These quotes confirm that the emphasis is on the foundation wanting to measure impact. However, from an internal organisational perspective it is evident across the

cases that there is internal value derived from adopting such practices, in the form of new organisational management knowledge. The following quotes are illustrative:

*“Earlier, we were only able to look at field level execution, but looking at data and monitoring and looking at all these mechanisms in place. So these are things that we have gained... We did not have numbers and accuracy before, but we had a sense of what people were saying and whether it was true or not. So that sense was already there. Now it is far more with numbers and evidence”. (Recipient A, Case 3)*

*“We were struggling with how do we evaluate and monitor so they put us in touch with (a third party specialising in evaluation), who actually came and did a review. Now we are monitoring and evaluating more relevant things, so I think the quality of our reporting has gone up” (Recipient B, Case 5).*

*“I think that it has impacted on all sorts of objectives, whether our objective is to have the kind of support systems that we need to run an effective business. Because we have been able to improve our monitoring, evaluation and recordings the (Case 5) involvement impacts on the whole business”. (Recipient B, Case 5)*

*“(The Chief Executive of the Foundation) has always shown enthusiasm and interest in the work that we do and had belief in us. Where she didn't have belief she has put the mechanism in place so that she can believe. When she saw the weaknesses in the organisation, she has just been proactive and put the mechanism in place which has filled the gap if you like”. (Recipient A, Case 5)*

The data shows that the investee organisations acknowledge that the adoption of performance measurement techniques, common to commercial ventures, has added value to them internally operationally. This is even though such techniques have to a large extent been pressed upon them by their philanthropic funder. This can be related to Di Maggio and Powell's (1983) concept of coercive isomorphism, where formal and informal pressures affect change upon organisations. In this case, such pressures stem from the philanthropic funder to the investee organisation that stimulates organisational change.

In addition to this, in Case 3, the adoption of rigorous measurement techniques by Recipient A has led to the development of an internal evaluation team whose specific responsibility is to collect the data required to capture performance measurement and report back internally and to the philanthropy team.

*“What we do now and because we have better planning, we know all this has to be collected, so it is a lot more systematic. We actually produce books for them (core workers) at field level; we have actually given them books to*

*maintain, before there was nobody looking at data. Now we have a team of people doing just data, aggregate it, prepare it into files and give to everybody". (Recipient A, Case 3)*

This suggests there is a change not only in the techniques being employed, but in the processes by which these techniques are being applied. These result directly in a shift in the structure of the organisation to support the process. However, this organisation has already delivered its service to over 7000 children and is therefore already operating at a reasonable scale. But, in order to develop the scale of activities to the next level it acknowledges that it is necessary to accurately record the interventions of the organisation in the social context as a critical tool for supporting future growth.

### **7.5.5 Building organisational capacity**

The data shows the interaction of organisations with philanthropy teams is centred on enhancing the capacity of the organisations in terms developing leadership, management skills and operational processes of the investee organisation. These strengthen the capacity of investee organisations to deliver social change. However, the support offered to the investee organisation by the philanthropy team to think about the broader landscape encourages the organisation leaders to consider where their organisation fits. The investee organisations are encouraged to consider how they can create an organisational model that is both sustainable and ensures that they can continue to deliver social oriented activities that have social impact beyond philanthropic investment from the earliest stages. The following quotes are illustrative:

*"They (the philanthropy team) work with us through in continuing to help us with this kind of management and monitoring, basically organisation building". (Recipient A, Case 3)*

*"They (the philanthropy team) have been a great help in giving us advice as to how to develop a sustainable organisation" (Recipient A, Case 5).*

*"They look much more broadly at being a funder than just being a giver of cash, they are interested in our organisation and not just in the bit that they fund. They are keen for us to be as good an organisation that we can be in our entirety". (Recipient B, Case 5)*

The data suggests that the deployment of cultural capital can be informal in nature and occur through general discussion and interaction between the philanthropy team



and the leadership of the investee organisation. Interestingly, in specific relation to the illustrated comments of Case 5 where the philanthropy team are an oddity amongst the cases (being from a third sector and civil service background), there is still a firm emphasis being placed on the strengthening of the recipient organisation to become a sustainable entity. This can be interpreted as a manifestation of the entrepreneurial philanthropist's habitus influencing the activities and approach of the philanthropy team (who derive from a non-commercial background). However, generally the data illustrates the interaction between the recipient and philanthropy team facilitates a strategic growth plan to be jointly embarked on, as a mechanism to scale up the social intervention. The following quote is indicative:

*“The greater rigour, I think, in our proposals is making us much more disciplined. Forcing the discipline on us, which again as we have grown and as we have become larger that is very useful to have...I think in some ways we are improving our own management processes and we are being forced to from the outside. I mean we wanted to from the inside but the external pressure is also part of it, and we are responding to it and as a result we will be a better managed organisation”. (Recipient B, Case 3)*

The data shows that the development of the investee organisation is both internally and externally driven. It occurs through the deployment of cultural capital in intangible and tangible forms, and in indirect and direct ways. This strengthens the organisational capacity of the investee through its development of management skills, business techniques and processes. Collectively, the deployment of such resources supports the operational capacity of the recipient organisation to deliver specific outcomes. Yet, what is perhaps most important in this context is that through cultural capital the sustainability and future growth of the organisation is strengthened. The following section presents the final findings section of this chapter and explores the deployment of symbolic capital by entrepreneurial philanthropists.

## **7.6 Symbolic capital**

The deployment by the philanthropists of symbolic capital to individual projects involves leveraging their own reputation and status as successful entrepreneurs within the field of philanthropy. The data suggests the value of symbolic capital is three dimensional in how it is deployed in the programmes and projects. Firstly, the philanthropists are able to apply their own personal reputations and status that have

been developed in the fields of entrepreneurship and philanthropy and leverage this in a way that adds value to their philanthropic activities. Secondly, the recipient organisation is able to leverage the philanthropists' reputation, which can result in the accumulation of further economic capital and cultural capital being secured for its organisation (Case: 2, 3 and 4). Thirdly, the philanthropists can leverage the symbolic capital of partners that they become engaged with in their philanthropic activities (Case: 1, 2 and 3). Symbolic capital is an important resource of entrepreneurial philanthropy yielding considerable outcomes for both philanthropist and recipient.

**Table 7.7: Deploying symbolic capital into recipient organisations**

Recipient	Symbolic Capital 1	Outcome	Symbolic Capital 2	Outcome	Symbolic Capital 3	Outcome
<b>B, Case 1</b>	Of EP by EP	Economic capital raised	Of EP by EP	Access to policymakers to affect reach and scale	Of EP by EP	Additional cultural capital
<b>A, Case 2</b>	Of EP by EP	Cultural capital	Of Partners	Additional economic capital & cultural capital	Of EP by recipient	Additional economic capital raised
<b>B, Case 2</b>	Of EP by EP	Economic capital & cultural capital	Of Partners	Additional economic capital & cultural capital	-	-
<b>A, Case 3</b>	Of EP by EP	Economic capital raised	Of EP by recipient	Additional economic capital	Of EP by EP	Access to policymakers to affect the reach and scale of programme. Affecting government buy in to programme into state education provision
<b>B, Case 3</b>	Of EP by EP	Economic capital raised	Of Recipient by EP	Additional economic capital	Of EP and Recipient by both parties	Access to policymakers to affect reach and scale of programme. Influence pharmaceutical industry to lower cost of ARV drugs
<b>A, Case 4</b>	Of EP by recipient	Economic capital raised	Of EP by EP	To gain influence in political circles in Ethiopia	-	-
<b>A, Case 5</b>	Of EP by recipient	Economic capital raised	Of recipient by EP	To increase profile in sector and enhance access to social capital for the recipient	-	-
<b>B, Case 5</b>	Of EP by recipient	Economic capital raised	Of recipient by EP	Increased profile, access to social capital	-	-

Table 7.7 illustrates the symbolic capital deployed by the entrepreneurial philanthropists as being productive in the sense that it can be used to leverage additional economic capital for the recipient organisation from wealthy third parties who form part of their existing network, or who are loosely connected to their own network. This illustrates the convertibility of symbolic capital to other types of capital (Maclean *et al.*, 2006; Shaw *et al.*, 2008). The data suggests the relationship between social capital and symbolic capital becomes more visible in the examples that are provided by the recipient organisations as to how symbolic capital is deployed to their specific organisations, projects and programmes by the philanthropy team. The following quote is indicative:

*“I think it (symbolic capital of philanthropist) is positive in that it has given us a lot of extra exposure which sometimes result in financial gain”.*  
(Recipient A, Case 2)

The recipients can leverage the reputation and status of their philanthropic funder, which results in additional economic capital being made available to them (Case: 2, 3, and 5). The data shows that the recipient organisations recognise the value that the name, reputation and association of the philanthropic foundation can bring to their organisations and activities. The production of economic capital is an outcome of this process. However, what is even more interesting is the fact that recipient organisations recognise the weight that the symbolic capital of their funder carries in political circles which can affect government policy as is evident in Case 3. The following quote is indicative:

*“We definitely want (the Foundation) involved in terms of ensuring government delivery and government support”.* (Recipient A, Case 3)

In this context, the recipient’s association with the philanthropist’s foundation strengthens the organisation’s reach into the political arena where it can increase the reach and scale of its activities, and affect the policy on education and teacher training in state funded schools in India. Moving beyond this, it is also apparent that the philanthropist also recognises the importance of the symbolic capital of their recipient organisation.

*“I think it was (the EP’s) foresight in selecting an organisation like the (name of own organisation), which has the reach of (the founder) and the strategic thinking of (the chairman) and the ability to just go out and do something and*

*not wait for others. The combination of those two things allows us to be fairly successful". (Recipient, B, Case 3)*

The strategic marriage of the foundation and investee organisation enables them to operate in countries where their combined wealth of capital (in its broadest sense) enables them to drive forward change across a significant number of countries in the treatment of children with HIV Aids. This example is developed is explored in more depth.

Recipient B of Case 3: is a very high profile American foundation established in 2002 whose founder holds considerable influence around the world due to his prior career. This organisation views the treatment of HIV Aids as not simply a human medical problem but also as an economic problem, more specifically, in countries where vast numbers of the population are affected by HIV Aids and have not been receiving treatment for their disease. Many professionals are dying, workforces are being depleted and humans are suffering unnecessarily as a result of lack of access to anti retro-viral drugs. This organisation conducted research into the issues contributing to this situation and found that much of the money being targeted at this area was directed at education and prevention and not treatment. Furthermore, their research found that medicines were too expensive, the doctors and nurses in these countries required training on how to treat the disease, and there was a lack of infrastructure and challenges with the supply chains to move the drugs. This led to a very specific initiative being set up by this organisation (a foundation) to address the lack of treatment for HIV Aids in the developing world. The aim of the new initiative is to make treatment for HIV Aids available to everyone, reaching the poorest sufferers and to make treatment drugs available through public health systems. This organisation is able to work with governments to make treatment available through the government infrastructure. There are two broad areas of emphasis. The first is how can the cost of HIV Aids treatment be reduced? The second is how can the organisation best work inside each country with the government on matters of policy, to set up regimented protocols to make treatment available? This involves looking at issues of how to get drugs registered to be available for treatment and how to assess the training required for doctors and nurses in these countries, as well as assessing the funding that is required and creating a laboratory infrastructure, basically,

covering a multitude of issues to work with governments to build capacity to treat HIV Aids. In 2008 this organisation had grown to over five hundred employees and worked in over 40 different countries. However, it is important to note that this organisation has a number of different initiatives which focus on other areas in addition to their work on treating HIV Aids.

Of particular relevance is the strength of the symbolic capital and social capital that Recipient B of Case 3 has and the extent to which these can be leveraged by them and their philanthropic funder.

*“The thing that really helps us is thanks to (the Founders name) we can get to every head of State. If you have got a problem and if you are getting stuck, in some countries we are not getting the approval to import drugs. I have got a big, big hammer that I can use if I have to. So that is unique about us, there may be other organisations and a lot of business people who can really move quickly, but do they have the same kind of access and political leverage? It is definitely unique”. (Recipient B, Case 3)*

The data shows that marrying the recipient’s significant ownership of symbolic capital with the economic capital of the philanthropist, as well as their cultural, symbolic, and social capitals, represents a solid and powerful resource base from which to create change in the areas of Paediatric HIV Aids treatment in developing countries. Interestingly, this increases the reputation and contacts of the philanthropist’s foundation on a global platform because of its association with the recipient organisation. This strengthening of symbolic capital and social capital can arguably be applied in other philanthropic activities. It follows that the earlier documented comments from Recipient A, of Case 3 on the strength of the philanthropist in connecting with government may be a direct result of this.

To conclude this section, symbolic capital is viewed within this study as being a significant resource deployed by each entrepreneurial philanthropist (as is evident across all of the cases to differing levels).

## **7.7 Conclusion**

This chapter has explored how entrepreneurial philanthropists deploy multiple forms of capital into the organisations, projects and programmes with which they become engaged. In doing so, it has established that economic capital is vitally important to the recipient but that it is not the only relevant or valued form of capital. Rather, the

real value is the sum of the individual philanthropist's wealth (in its broadest sense) married with the resources of the recipient organisation and that of other significant partner organisations. The combination of resources, referred to as entrepreneurial capital in the entrepreneurship discourse (Erikson, 2002; Firkin, 2003), is what enables entrepreneurial philanthropists to champion social change in complex areas.

The study has highlighted that the transfer of capitals from the recipient and other partner organisations to the philanthropist is an important aspect of entrepreneurial philanthropy, and illustrates the cyclical nature of capital. This corresponds to Bourdieu's (1986) argument that capital is productive in nature. The empirical findings support the theoretical argument that the process of entrepreneurial philanthropy is both accumulative and redistributive, adding value to the philanthropist. Importantly, the accumulated capitals are re-deployed and further capitalised on in the range of philanthropic activities in which the entrepreneurial philanthropists are engaged in for the benefit of wider society. Yet, there is considerable symbolic capital accumulated by the philanthropists from their activities, which strengthens their reputation and status.

Perhaps the most striking observation is that although economic capital is the starting point for discussion and interaction between the philanthropists, their foundations and potential recipient organisations, it is not always the most significant resource of entrepreneurial philanthropy. The level of economic capital deployed by the philanthropists to organisations and projects is actually rather small in relation to their significant level of personal wealth. It is this factor that sets entrepreneurial philanthropy apart from other forms of contemporary and traditional philanthropy, which are centred on the primary redistribution of economic capital. Rather, cultural capital is prominent in the first instance, and it is typically deployed to the recipient prior to a formal relationship being confirmed. This is reflected in the formative interaction that is required for the development of a mutual and beneficial working relationship, which forms the basis of the formal relationship between the foundation and investee organisation. The study has shown that social capital and symbolic capital are significant components in leveraging the cultural capital that is deployed through the philanthropists to investee organisations. What becomes evident in evaluating the deployment of the different capitals by the philanthropists is the

continuous flow of capitals between the foundations to investee organisations throughout all stages of the philanthropic process.

The chapter has illustrated the value that such high net-worth entrepreneurial individuals and their approach bring to the field of philanthropy. The evidence points to the adoption of innovative approaches to addressing historic social and economic problems. The deployment of economic, social, cultural and symbolic capitals is a powerful mix of resources that have a direct and indirect value to the investee organisations and the problems they address. The real significance in this mix is that cultural capital is important to the identification of realistic and workable solutions to problems. It is evident that cultural capital flows in multiple directions, between the philanthropists, philanthropy teams, partners and recipient organisations.

The transfer of knowledge to the investee organisation (made possible firstly through the wealth of the philanthropist) adds value by strengthening the organisational capacity to plan, assess and access resources, and to deliver a product or service and to make a social impact. It also facilitates the ability to measure the effectiveness and impact of what their particular intervention is. The investee organisations become more commercial like in the evaluation, performance measurement and reporting techniques they employ, which results from both informal and formal pressures on their organisation. The formal pressure results from the philanthropists seeking to safeguard their investment, to enable them to work their money hard and to achieve their objective to secure as high a social return as is possible. In this context the link to DiMaggio and Powell's (1983) theoretical construct of coercive isomorphism is relevant, as it explains in part the pressures on the investee organisation that stimulate its organisational change, although, perhaps "coercive" is too strong a label to apply. It does however suggest that entrepreneurial philanthropy will impact the field of philanthropy and therefore there are cultural ramifications of the phenomenon.



## **CHAPTER 8: CONCLUSION**

### **8.1 Introduction: Overview of the thesis**

The thesis presents the findings of an exploratory study of entrepreneurial philanthropy. The study focused on exploring key issues reflected in the research questions of the study considered to be fundamental to developing an understanding of entrepreneurial philanthropy. First, the motivations of successful high net-worth entrepreneurs to engage in philanthropy have been investigated. Second, the ideology and underpinning principles of entrepreneurial philanthropy were explored. Third, the study sought to understand how wealthy entrepreneurs conduct their philanthropic activities and the ways in which entrepreneurial processes and working methods transfer over to their philanthropic activities. Finally, the study explored the different types of capital that are deployed by entrepreneurs in their philanthropy. It is through focussing on the issues that formed the basis of the research questions of the study that the phenomenon of entrepreneurial philanthropy is better understood in the wider context of entrepreneurship.

The post-wealth creation process is an aspect of entrepreneurship which is underdeveloped in academic literature. This study addresses this gap by developing and presenting new knowledge on the philanthropic activities of high net worth entrepreneurs viewed through the theoretical lenses of capital theory and hyper-agency theory. The study suggests that the development of a second career in philanthropy is considered by such entrepreneurial philanthropists to be an extension of the entrepreneurial lifecycle, and a natural successor to the creation of significant levels of personal wealth. However, the lack of prior empirical analysis of the phenomenon of entrepreneurial philanthropy has ensured that little is known about the philanthropic activities of high net worth entrepreneurs. This study sought to redress the lack of prior empiricism.

The empirical findings of this study are based on five case studies of entrepreneurial philanthropists and their respective foundations and are supplemented by interviews with other individuals active in the field of philanthropy. In this respect, the empirical setting of this study is at an individual, organisational and environmental level. The empirical setting has facilitated an inductive approach to the research

where the similarities and differences, continuities and discontinuities among entrepreneurial philanthropists, have been chronicled, discussed and explained. This, it is suggested, has facilitated the development of a better understanding of the phenomenon of entrepreneurial philanthropy.

This chapter summarises the main results of the study and highlights its empirical and theoretical contributions. The practical learning emerging from the study is also considered. The chapter concludes by identifying and discussing the implications of future research.

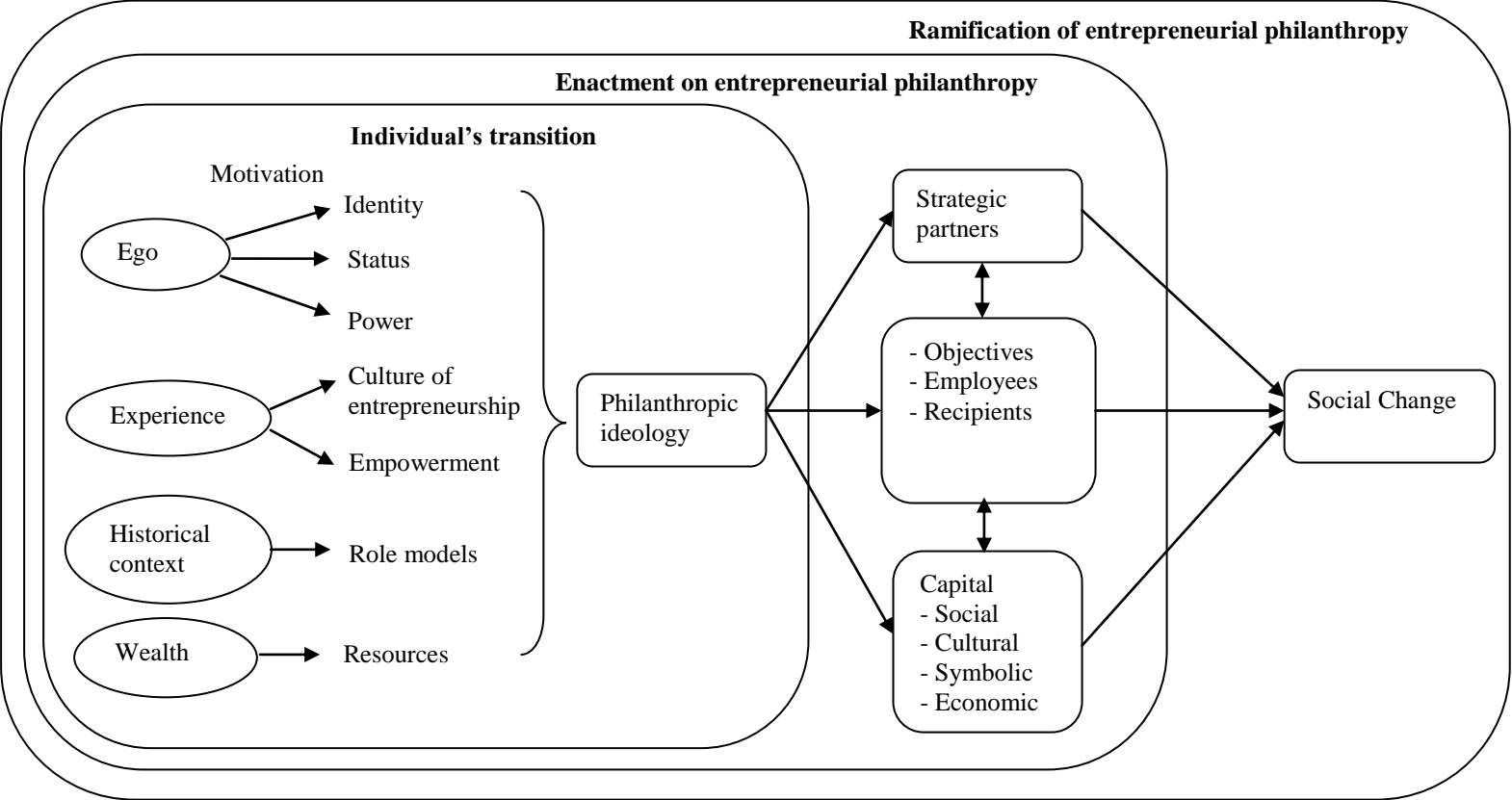
## **8.2 Key findings of thesis**

With the motivation of this study being to bring clarity to the phenomenon of contemporary entrepreneurial philanthropy by incorporating a micro and macro perspective, three areas of findings have emerged which are captured in Figure 8.1 and summarised in this section.

### ***8.2.1 The entrepreneur's transition into a philanthropist***

Even though existing literature argues that individuals engage in pro-social behaviour for altruistic and egoistic reasons; and that family are important to shaping the philanthropic intentions of individuals the study illustrates that the reality is more complex. The study found that there is a range of motivating factors that lead successful and wealthy entrepreneurs to become engaged in philanthropy. These include: (a) the past personal experiences that act to awaken the entrepreneur's social conscience; (b) the prevalence of caring values at an individual level (Schervish, 1997, 2006, 2008); (c) the deeply rooted philanthropic values present in their family background (Lloyd, 2004); and (d) present day personal and vicarious experiences of observing social and economic inequalities and associated consequences at an individual, societal and global level. It is the combination of factors which push and pull the successful and wealthy entrepreneur to engage in philanthropy. These factors, coupled with the entrepreneurial drive and need for accomplishment at an individual level, are important and act to focus the attention of successful and wealthy entrepreneurs to pursue philanthropic activities following a successful career in business. Importantly, however, it is the wealthy entrepreneur's command over resources (Clegg *et al.*, 2006) that enable the individual entrepreneur to realise and

**Figure 8.1: Findings overview**



understand the potential for hyper-agency (Schervish, 2005) in the domain of philanthropy. The study shows how the entrepreneur's recognition of the power that wealth brings to them supports commitment to philanthropic action and facilitates the creation of an alternative self-identity as a "philanthropist".

The creation of an alternative individual identity to that of entrepreneur is supported by Maslow's theory of self-actualisation (1954) and emphasises the aspirations of the individual to progress beyond the role of wealth creator to philanthropist. The study finds that the role and identity of a philanthropist provides fulfilment to the individual both personally and symbolically. In support of this, the study finds that the entrepreneur looks to external role models such as historic and present day entrepreneurial philanthropists like Andrew Carnegie and Bill Gates as a basis for a new self-identity. The identification of such role models enables the entrepreneur to adopt the behaviour and attitude of these individuals in philanthropic endeavours, in order to gain legitimacy as philanthropists. However, from a critical perspective the adoption of a philanthropic role and identity supports the wealthy entrepreneur to legitimise the process of wealth creation, from which they have benefitted significantly. It also fuels their aspiration to extend their reach in philanthropy and business. The socially accepted identity of philanthropist yields significant symbolic return to the individual entrepreneur and helps to broker entry into the upper echelons of society. It is within these dynamics that the entrepreneurs have the opportunity to mix with a variety of influential people from the domain of politics, business and development, which strengthens their capacity to affect institutional change. Importantly, it is the entrepreneur's move in to the upper echelons of society that supports the development of 'hyper-agency' status (Schervish, 2003), which represents a significant and pulling motivator for the entrepreneur to become a committed, active and engaged entrepreneurial philanthropist.

A substantial theoretical contribution of this study has been to highlight the active and engaged nature of entrepreneurial philanthropy as being derived from the entrepreneurial habitus of the philanthropist. In accordance with the work of Bourdieu (1986), habitus is the ingrained behaviour, mindset and approach that an individual such as an entrepreneur adopts in the entrepreneurial career. The study has highlighted that the entrepreneurial mindset remains steady, and is applied in the

philanthropic activities of entrepreneurs and importantly underpins the development of an ideology of entrepreneurial philanthropy. Entrepreneurial philanthropists believe that their entrepreneurial experience and entire resources (knowledge, expertise, contacts, reputation and money) are pivotal to their approach to philanthropy.

The conceptual connection between entrepreneurship and philanthropy is the acceptance that both are tools of empowerment. More specifically, entrepreneurship and philanthropy are entwined as supporting a self-help oriented approach that enables individuals to flourish independently of others. The study has found that ideologically the entrepreneurial philanthropists believe society is positively reinforced through the development of cultures in both entrepreneurship and philanthropy. The findings of the study illustrate that entrepreneurs seek to reproduce and strengthen a culture of entrepreneurship that enables private enterprise to flourish in society. Furthermore, the study has found that entrepreneurial philanthropists encourage a culture of philanthropy amongst their wealthy peers.

A fundamental principle of entrepreneurial philanthropy is the idea that capitalism provides ample opportunities for society to create economic and social wealth that empowers individuals to thrive, prosper and become independent. In this respect, the study highlights that the ideological basis for entrepreneurial philanthropy is not new. In fact, the ideological roots can be traced back to historic times, specifically to individuals like Samuel Smiles and Andrew Carnegie. The approach of Andrew Carnegie to philanthropy is particularly relevant, as the resources applied and leveraged during the present time by entrepreneurial philanthropists are similar to Carnegie's activities in the nineteenth century (Harvey, Maclean, Gordon and Shaw, 2011) but with different goals. Therefore, whilst it has been suggested that with new wealth comes new forms of philanthropy (Morino and Shore, 2004) the study shows that ideologically contemporary entrepreneurial philanthropy is rooted in historic approaches. The philosophical preferences of Samuel Smiles (1959) are highly evident in the ideological emphasis placed on self-help and empowerment.

### ***8.2.2 Enacting on philanthropy: Creating organisations and networks***

The existing theoretical lenses that have been applied to contemporary philanthropy have looked at the phenomenon from a macro perspective. In this study, by applying a micro view of capital theory to the practices of entrepreneurial philanthropy, it has emerged that entrepreneurial philanthropists employ specific strategies, develop organisations, and embed their activities in a wider social and political context in order to enact on their philanthropic ideology. The study also unfolded the impact of these actions at a higher level by catalysing institutional change and creating new standards of philanthropic behaviour. Theoretically, it is the capacity of the entrepreneur as a hyper-agent that facilitates the ability to be a producer of change through philanthropy. This is progressed through the championing of programmes providing education, health care, sanitation, water and private enterprise in economically, socially and politically fragile environments. Such factors are considered as being fundamental components of the development of a strong civil society, where individuals are empowered to be independent and where nations can flourish.

The findings show that tools, techniques, strategies, tactics and mechanisms from the practice of entrepreneurship transfer to the philanthropic activity of entrepreneurs. The entrepreneurial philanthropists establish formal organisations to manage their philanthropic activities. Furthermore, commissioning a core team of staff to oversee and manage philanthropic investments in specific programmes and projects that align with the overall strategy of the philanthropists. In this context, the study shows that the organisation and management of entrepreneurial philanthropy is modelled on traditional tax efficient approaches to philanthropy, with the creation of a formal foundation. In the UK, the governance of a foundation is regulated by a legal framework which demands that a board of trustees oversee the tax exempt foundation. However, in addition to the legal function of the foundation board, the study established that the composition of the foundation board of trustees is of strategic importance to the future activities of the foundation. The findings establish that entrepreneurial philanthropists strategically recruit influential individuals to their foundation boards. Such individuals bring a wealth of knowledge, expertise, contacts

and reputation to the foundation, which adds legitimacy and credibility to the philanthropic activities.

The study highlights the similarities and differences that exist between the investment criteria of a venture capitalist and the selection criteria of entrepreneurial philanthropists. It is in this context, that the practices of entrepreneurship are applied and adapted in entrepreneurial philanthropy. The process of entrepreneurial philanthropy starts with the pro-active targeting of individuals and organisations active within the social change arena. On identifying an organisation led by a suitable individual, which meets with the overall strategic objective of the foundation, the philanthropy teams invest considerable time in helping such organisations to evaluate the concept, their organisational ability to deliver and the resources required to deconstruct social problems and to deliver solutions. The study highlights the substantial contribution that such social innovators make to entrepreneurial philanthropy.

The development of a mutually beneficial relationship between the foundation and social innovator is fundamental to the development and execution of socially progressive programmes. The relationship between the foundation philanthropy team and recipient is productive as there is an on-going process of knowledge exchange between both parties, which is further enhanced through specialist domain knowledge acquired from valuable third parties. In this context, the study highlights that there is a continuous flow of capitals applied and accumulated by both parties in the process of entrepreneurial philanthropy.

The findings highlight the importance of partnerships in accessing resources establishing that entrepreneurial philanthropists seek to develop partnerships with a range of organisations including: governments, universities, bi-lateral organisations and other prominent new philanthropists. Such partnerships are sought out specifically by the entrepreneurial philanthropists as a mechanism to access needed contacts, networks, expertise, and finance to further progress their philanthropic vision, strategy and activities.

### ***8.2.3 Facilitating change through the deployment of multiple forms of capital***

The discussion of the resources used in philanthropy in the existing discourse on philanthropy is disconnected from the practices of contemporary entrepreneurial philanthropy. It does not capture adequately the holistic application of multiple forms of capital which are combined and applied by entrepreneurial philanthropists. The results show that entrepreneurial philanthropists deploy multiple forms of capital — social, symbolic, cultural, economic — to the programmes and projects that they support. Economic capital, although important, was not found to be the most important form of capital deployed to the recipient. Moreover, the level of economic capital deployed by the entrepreneurial philanthropists is small in comparison to their individual level of personal wealth.

The results illustrate the multifaceted nature of capital resources that are considered as integral to entrepreneurial philanthropy. In particular, the study shows that entrepreneurial philanthropists use their social capital to access cultural capital from third parties for deployment into the organisations that they support. However, of importance is the depth of knowledge and expertise that exists within the philanthropy teams of each foundation. Specifically, there is considerable flow of knowledge in relation to business strategy and management that transfers between the philanthropy team and the recipient organisation. The deployment of cultural capital from the foundation to recipient is of critical importance to the creation and realisation of programmes that have social impact. Furthermore, the presentation of the different types of cultural capital deployed in the process is a substantial contribution of this study. It facilitates an understanding of the different types of knowledge exchange activities between the philanthropy teams and recipient organisations. It highlights the value that is added by the philanthropy team to the recipient through their interaction, especially at the start of their relationship.

In addition to the substantial cultural capital that is deployed in entrepreneurial philanthropy, social capital has an important role in the process. The deployment of social capital by the entrepreneurial philanthropist extends beyond leveraging cultural capital, to include raising additional finance from third parties for their recipient organisations and other specific programmes that they themselves support.



Such finance is raised from wealthy peers, philanthropic foundations and governments.

The findings of this study demonstrate the continuous flow of capital integral to the process of entrepreneurial philanthropy contributed by multiple actors, including the philanthropist, the recipient and other individuals and organisations involved in philanthropy, business and development. It is the deployment and accumulation of capital that differentiates entrepreneurial philanthropy from other forms of contemporary philanthropy, and which acts to strengthen the capacity of entrepreneurial philanthropists to be producers of change.

### **8.3 Empirical contribution**

The empirical contribution of this study is the development of new knowledge on the phenomenon of entrepreneurial philanthropy that furthers our understanding from the individual, organisational and process oriented perspectives. First, the motivations of high net-worth entrepreneurs and other factors that contribute to the engagement of wealthy entrepreneurs in philanthropy have been identified. The study moves beyond existing psychology discourse on contributing factors of pro-social behaviour and shows that the reality of contributing factors to engaging in philanthropy is more complex. It identifies the importance of personal and vicarious experience of inequality that manifests as critical incidents in the life of the entrepreneur being influential to their future philanthropic propensity. Such experiences coupled with the entrepreneur's family background and values, and an individual realisation that significant personal wealth is fundamental to the creation of social wealth are presented in the study as important factors that bring an entrepreneur to philanthropy. Within this context, the entrepreneur begins to make the transition from viewing self as a wealth creating entrepreneur to the adoption of a new self-identity as a philanthropist. The adoption of a new identity supports the entrepreneur's move into the fields of development and philanthropy and assists the entrepreneur to gain credibility and legitimacy as a philanthropist.

Second, the thesis contributes to our understanding of the ideology of entrepreneurial philanthropy as being centred on the support and continuance of entrepreneurship as a vehicle to empower individuals, communities and societies to prosper

independently. Furthermore, the study shows that entrepreneurial philanthropy is also centred on the creation of a strong civil society, where the provision of social services like education and healthcare are valued and recognised as contributing to the empowerment of individuals. These findings emphasise the holistic approach taken by entrepreneurs to their philanthropy. Third, the thesis contributes to knowledge about the transferability of practices from the domain of entrepreneurship to philanthropy and has established how the mindset, behaviour, tools, techniques and practices from entrepreneurship can be applied and adapted in another context. In particular, the study has shown that the investment principles of venture capital inform the philanthropic practices of entrepreneurs. Lastly, the thesis has shown the integral interplay between social, symbolic, cultural and economic capital in the practices of entrepreneurial philanthropy.

The study has established the flow of capitals necessary to affect social and economic change, which can be strategically embedded through the creation of institutional change. In particular, it has established the importance of social capital and cultural capital to the process of entrepreneurial philanthropy. The study has highlighted the productive value of social capital, from the strategic recruitment of foundation board members rich in cultural and symbolic capital, to the strategic connection of one entrepreneurial foundation to another as well as the strategic development of partnerships that are formed between foundations and governments. Similarly the study has highlighted the importance of cultural capital to the process of entrepreneurial philanthropy, some of which is directly attributed to the social capital of the philanthropist. This is evident in the application of expert knowledge from leading academics, and the domain specific knowledge of pioneering social entrepreneurs, both of which are fundamental to the creation and identification of opportunities that benefit the social and economic well-being of impoverished individuals and communities. It is the interplay of the different forms of capital that facilitates opportunities such as the development of teacher training programmes in rural India that help in raising the numeracy and literacy levels of school children, and the development of cost effective health care in rural Africa that form the basis of a sustainable health care system. It is activities such as these that are at the core of

entrepreneurial philanthropy and result from the application of multiple forms of capital from a range of individuals and organisations.

#### **8.4 Theoretical contribution**

This study makes a contribution to the entrepreneurship and philanthropy discourses by proposing a theory of entrepreneurial philanthropy. Entrepreneurial philanthropists are portrayed theoretically as hyper-agents who use their command over resources to acquire power that is exercised to progress their philanthropic and business activities. Importantly, the hyper- agency status acquired by the entrepreneurial philanthropists equates to a strong individual capacity to influence social change. This is important as it suggests that they use their capacity and power to direct and shape society. From a capital theory perspective, this study contributes to the discourse on the power derived from the individual's ownership of economic, social, symbolic and cultural capital. As the study has examined the deployment of different forms of capital by entrepreneurial philanthropists, and reveals how in the process of deploying capital that they also accumulate different forms of capital continuously, which can be used in both business and philanthropy. Therefore, supporting the work of Bourdieu (1986), the findings of this study establish that the power base of such individuals increases over time through their philanthropic activities and acts to strengthen their dominant position in society. However, contrary to Bourdieu's argument that elites accumulate power and influence to maintain social stratification this thesis argues that entrepreneurial philanthropists use their accumulative power to enhance social mobility. As capital is applied to encourage social mobility by empowering individuals to rise up and become self- sufficient through the reproduction of a culture of entrepreneurship.

The thesis makes a theoretical contribution by portraying entrepreneurial philanthropists as hyper agents who continue to accumulate capital that enhances their position and power within society through the reproduction of a culture of entrepreneurship that enhances social mobility. The theoretical contribution of this study is the extension of Bourdieu's capital theory (1986), by proposing that whilst the dominant position of entrepreneurial philanthropists is protected and enhanced

through philanthropy, their accumulative power is redistributed to create social and economic wealth for the benefit of society. The mechanism of doing so is by empowering individuals at the bottom of the social strata to rise up and become independent, through the championing of programmes that help to strengthen civil society and through their advocacy of a culture of entrepreneurship. The culture of entrepreneurship is advocated in their relations with government and their political championing of entrepreneurship specific education as well as education in general. Such a culture is also prevalent in the practices of philanthropy, which is informed by practices of entrepreneurship. In this respect, entrepreneurial philanthropists are theoretically viewed in a productive capacity as they seek to permeate the very fabric of society with an entrepreneurial culture through a top down and bottom up strategy.

### **8.5 Limitations**

The exploratory nature of this study and of what is essentially an elite activity has limited the empirical scope of the study. However, although the foundations are all located in the UK, it is evident that the focus of these foundations is very much global in outlook. Therefore, in consideration of the other elite entrepreneurs who are active in contemporary philanthropy (such as Bill Gates of Microsoft, Pierre Omidyar and Jeff Skoll of Ebay) the findings present a solid inductive base from which to further investigate this phenomenon. The exploratory nature of this study and the elite nature of the subjects lend themselves to the development of a small sample of case studies. Future studies that may seek to build on this exploratory study should consider extending the number of case studies across different countries to assert the generalisation of the findings in relation to elite entrepreneurial philanthropists. The study has focussed upon elite cases of wealthy entrepreneurs engaged in philanthropy and acknowledges the neglect of entrepreneurs of modest wealth who may be engaged in philanthropy. Therefore, future studies may want to focus on this group of individuals.

This study focussed specifically on the philanthropic activities of living high net worth entrepreneurs and this was supported by the adoption of a purposeful sampling strategy. A perceived limitation of this study was that Case 4 was drawn on less than the other cases in the illustrative quotes used within the text. However, Case 4 was

valuable as it added variation to the sample in that it was a mature foundation and developed the researcher's depth and breadth of understanding of the phenomenon. Another perceived limitation of the study may be the exclusion of traditional endowed foundations not being included in the sample. Had such philanthropic foundations been included in the study it may have allowed for a greater heterogeneous comparison to be undertaken. However, the unit of study was specifically living entrepreneurs turned philanthropists and their foundation.

The critique of philanthropists in itself is a perceived limitation of this study. As the researcher is challenged by critiquing an elite group of individuals who in their own way are attempting to create change that benefits others, whilst at the same time deriving personal benefit.

## **8.6 Implications for future research**

The study is an exploratory study and merely serves as an introduction to entrepreneurial philanthropy both empirically and theoretically. Therefore, there are a substantial number of future research directions that can be investigated. The following six suggestions serve as immediate areas where future research could be directed.

### ***8.6.1 Ethical considerations of wealth and power***

The amassing of significant levels of personal wealth by an elite group of individuals across the globe raises issues of ethical concern that require further academic thought. More specifically, is it ethically acceptable that as wealthy individuals, entrepreneurial philanthropists have power to influence global agendas? Entrepreneurial philanthropists are not democratically elected individuals, yet this study has found that such individuals have considerable influence over policy makers at home and abroad. The study established that the power base of entrepreneurial philanthropists is central to their ability and capacity to affect social and economic change. Furthermore, the reach of entrepreneurial philanthropists is considerable, both at home and abroad. As such, this raises a question of ethics and the extent to which wealthy and influential individuals should drive policy and use their agency to affect institutional change. How ethical is it for unelected individuals to be influencing governments in relation to matters such as education and healthcare

provision? Should such matters be the responsibility of democratically elected governments rather than wealthy individuals? Future research should give consideration to investigating the ethics of wealthy, elite entrepreneurial philanthropists driving social, economic and political change on a global platform.

#### ***8.6.2 The role of government in creating social and economic change***

The research findings have established there is considerable interaction between entrepreneurial philanthropists and government both in the UK and overseas in the continent of Africa. The development of partnerships between government and entrepreneurial philanthropists is central to the strategy pursued by some to become a producer of change at an institutional level. However, given the changing nature of politics, both in the UK and abroad, there is considerable risk of investing in programmes with specific governments who may not remain in power over the long term. Future research on entrepreneurial philanthropy should consider how entrepreneurial philanthropists manage the question of government succession in the countries on which they focus their philanthropy.

#### ***8.6.3 Impact: To what extent?***

The areas of social and economic strife that entrepreneurial philanthropy is typically focussed upon are areas where social and economic change is desperately needed. However, the long term intervention strategy adopted in this study means that the true impact of entrepreneurial philanthropy is still unclear. Therefore, determining the level of social impact that results from the activities of entrepreneurial philanthropy lends itself to a longitudinal research study. A longitudinal approach to conducting research on the social and economic impact of entrepreneurial philanthropy will progress our knowledge and understanding of the extent to which it created change that is sustainable and becomes embedded in the fabric of society. Future research in this area should set out to measure accurately the level of social and economic impact that is a direct result of the intervention of entrepreneurial philanthropy.

#### ***8.6.4 The role of the social entrepreneur***

The role of the social entrepreneur in global philanthropy is largely under-developed in the entrepreneurship literature. This study has established the prominent role of the

social entrepreneur (the leader of the investee organisation) in entrepreneurial philanthropy in relation to the identification of opportunities to create social impact. However, the social entrepreneur was not the main unit of study in this research but would serve this purpose well in future research. Specifically, the role of the social entrepreneur should be considered in relation to the co-creation of knowledge that leads to the identification and exploitation of opportunities to create activities of social and economic value within developing economies. By undertaking such research the process of social innovation can be better understood and will progress the entrepreneurship discourse in this area.

#### ***8.6.5 The role of social and cultural capital in social innovation***

The study has established that the application of social capital and cultural capital is important to the development and delivery of innovative programmes and solutions to social and economic problems. However, within the entrepreneurship discourse, research on the process of social innovation is under developed. Therefore, the development of new knowledge and understanding of the interplay of social and cultural capital in the process of social innovation would deepen our understanding of the innovative development of practical solutions to social problems. Such research would add value to social innovators, entrepreneurial philanthropists and to governments who seek to take action that has social impact.

#### ***8.6.6 The study of philanthropy***

The implication of entrepreneurial philanthropy on the wider field of philanthropy is of value to explore in future research on this topic. In particular, investigating the extent to which the productive capacity of the entrepreneurial philanthropists impacts on other actors in the field including the traditional endowed foundations of historic entrepreneurs is worthy of scholarly attention. Furthermore, future research should consider the extent to which the practices of contemporary entrepreneurial philanthropists trickle down to influence the approach of the other foundations and individuals and organisations in the UK.

This thesis concludes with a call for more qualitative research into the phenomenon of entrepreneurial philanthropy to investigate further the diversity of the practices,

the relationships between entrepreneurial philanthropists and the many other individuals and organisations, which contribute to the creation of social wealth.



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## **APPENDIX**

### **10.1 Interview schedule for entrepreneurial philanthropist**

The format of interview will be a semi-structured process, which may be varied at the discretion of the interviewer if believed necessary to elicit relevant and valuable information from the interviewee.

At the start of the interview the interviewee will outline the aims and purpose of the project in order to focus and make the interviewee feel comfortable.

1. The research is for a Doctoral Thesis on Entrepreneurial Philanthropy in the 21<sup>st</sup> Century focussing specifically on the United Kingdom.
2. The research aims to make sense of the phenomenon of contemporary Entrepreneurial Philanthropy.
3. The researcher is interested in understanding the different trigger factors of entrepreneurial philanthropy and how individuals develop their own philosophy of philanthropy. To understand the working practice of entrepreneurial philanthropy and the nature of the relationship between the philanthropist and partner organisations.
4. The project is organised around 5 in depth case studies of entrepreneurial philanthropists and their associated foundations. Interviews will be conducted with: a) the entrepreneurial philanthropist, b) key individuals within each foundation and c) key individuals within associated funded partner organisations. In addition, the researcher will access information about each individual entrepreneurial philanthropist and their associated foundations that is already located within the public domain.
5. In parallel to the in-depth case studies there will be interviews conducted with other key players in the U.K. field of entrepreneurial philanthropy.

Researcher will state to each interviewee that depending on the preference of the interviewee, the interview can be anonymous, in which case the contributor's words or opinions will not be attributed to them. All references to them or their foundations will be anonymised, unless the interviewee has no objections to being cited.



Topic	Standard Questions
1 Background	Can you tell me about your background and entrepreneurial career?
Family Background	<p><i>Prompts and Secondary Questions</i></p> <p>How do you explain your success?</p> <ul style="list-style-type: none"> <li>- Is there a link between your background and your success?</li> </ul> <p><i>Remember to ask for examples, anecdotes and personal stories</i></p>
2. Triggers and Journey to Philanthropy	What prompted you to engage in philanthropy?
Triggers Influences	<p><i>Prompts and Secondary Questions</i></p> <ul style="list-style-type: none"> <li>- How did you start off on your journey of philanthropy?</li> <li>- What are the main influences on your philanthropy?</li> </ul> <p>In what ways have your family background and values impacted on your entrepreneurial career and philanthropic career?</p> <p>In what ways do these influences manifest themselves in your philanthropic activities?</p> <p><i>Remember to ask for examples, anecdotes and personal stories</i></p>
3. Practice of Entrepreneurial Philanthropy	<p>Can you describe how you practice your philanthropy?</p> <hr/> <p><i>Prompts and Secondary Questions</i></p> <ul style="list-style-type: none"> <li>- Do you have a vehicle through which you channel your philanthropic efforts?</li> <li>- What specific resources do you use within your philanthropy? <ul style="list-style-type: none"> <li>- What are the key elements of your philanthropy?</li> </ul> </li> <li>- How much of your time is given over to the foundation? <ul style="list-style-type: none"> <li>- In what way does your business experience influence your philanthropy?</li> <li>- How has this changed since your first efforts in philanthropy?</li> </ul> </li> </ul> <p><i>Remember to ask for examples, anecdotes and personal stories</i></p>
4. Performance	<p>How do you measure the success of your philanthropy?</p> <hr/> <p><i>Prompts and Secondary Questions</i></p> <ul style="list-style-type: none"> <li>- What Performance Measurements do you use with your investees?</li> <li>- In what way do you influence the success of your investees?</li> </ul> <p><i>Remember to ask for examples, anecdotes and personal stories</i></p>
5. Networks	<p>What networks and contacts have you drawn upon in your Philanthropy?</p> <hr/> <p><i>Prompts and Secondary Questions</i></p> <ul style="list-style-type: none"> <li>- Have your contacts changed as a result of your involvement with philanthropy?</li> </ul> <p><i>Remember to ask for examples, anecdotes and personal stories</i></p>
6a. Recipient-Organisations	<p>What are the main targets and recipient organisations of your philanthropy?</p> <hr/> <p><i>Prompts and Secondary Questions</i></p> <ul style="list-style-type: none"> <li>- How do you choose the organisations that you work with? <ul style="list-style-type: none"> <li>- What is the nature of your relationship with these organisations?</li> <li>- What change/ impact, if any, have you observed in these organisations?</li> </ul> </li> </ul> <p><i>Remember to ask for examples, anecdotes and personal stories</i></p>
6b. Partner	Do you work with partner organisations in your philanthropy?

Organisations	<p><i>Prompts and Secondary Questions</i></p> <ul style="list-style-type: none"> <li>- How do you choose the organisations that you work with? <ul style="list-style-type: none"> <li>- What is the nature of your relationship with these organisations?</li> <li>- What change/ impact, if any, have you observed in these organisations?</li> </ul> </li> <li>- Have you established an independent organisation to deliver charitable assistance?</li> </ul> <p><i>Remember to ask for examples, anecdotes and personal stories</i></p>
7. The Individual Changes	<p>What impact has your engagement with philanthropy had on you?</p> <p><i>Prompts and Secondary Questions</i></p> <p>Has your lifestyle, attitude to life, status and use of time changed as a result of being a philanthropist?</p> <p>What has philanthropy come to mean to you?</p> <p><i>Remember to ask for examples, anecdotes and personal stories</i></p>

## 10.2 Interview schedule for key foundation individuals

The format of interview will be a semi-structured process, which may be varied at the discretion of the interviewer if believed necessary to elicit relevant and valuable information from the interviewee.

At the start of the interview the interviewee will outline the aims and purpose of the project in order to focus and make the interviewee feel comfortable.

1. The research is for a Doctoral Thesis on Entrepreneurial Philanthropy in the 21<sup>st</sup> Century focussing specifically on the United Kingdom.
2. The research aims to make sense of the phenomenon of contemporary Entrepreneurial Philanthropy.
3. The researcher is interested in understanding the working practice of entrepreneurial philanthropy and the nature of the relationship between the Foundation and partner organisations.
4. The project is organised around 5 in depth case studies of entrepreneurial philanthropists and their associated foundations. Interviews will be conducted with: a) the entrepreneurial philanthropist, b) key individuals within each foundation and c) key individuals within associated funded partner organisations. In addition, the researcher will access information about each individual entrepreneurial philanthropist and associated foundation that is located within the public domain.

5. In parallel to the in-depth case studies there will be interviews conducted with other key players in the U.K. field of entrepreneurial philanthropy.

Researcher will state to each interviewee that depending on the preference of the interviewee, the interview can be anonymous, in which case the contributor's words or opinions will not be attributed to them. All references to them or their foundations will be anonymised, unless the interviewee has no objections to being cited.

Topic	Standard Questions
1. Individual and Organisation Background	<ul style="list-style-type: none"> <li>- Can you tell me about your background?</li> <li>- Can you tell me how you came to be involved in this organisation?</li> <li>- Can you tell me about the background of this organisation?</li> <li>- Can you explain to me what the aims and objectives of this organisation are?</li> <li>- Can you explain to me what your role and responsibility is within this organisation?</li> <li>- Can you describe to me what sort of things you would expect to do in a day's work in the foundation?</li> <li>- Remember to ask for examples, anecdotes and personal stories</li> </ul>
2. Selection of Organisations	<ul style="list-style-type: none"> <li>- Does this Foundation proactively seek to fund specific projects or does the foundation wait for requests from organisation, or does it create its own organisations?</li> <li>- Can you explain to me what the process of selection is for recipient organisations?</li> <li>- Can you explain to me what the process of selection is for partner organisations?</li> <li>- Remember to ask for examples, anecdotes and personal stories</li> </ul>
3. Working Practice of Foundation?	<ul style="list-style-type: none"> <li>- What proportion of the principal's time does he or she allocate to the foundation's activities?</li> <li>- Once the Foundation has agreed to invest in a project/ organisation what happens next?</li> <li>- How much input does the foundation have to individual projects?</li> <li>- How does the Foundation measure the performance of projects?</li> <li>- Remember to ask for examples, anecdotes and personal stories</li> </ul>
4. Relationship with Partner Organisations	<ul style="list-style-type: none"> <li>- What is the nature of the relationship between the foundation and organisations invested in?</li> <li>- How involved is the foundation in the working practice of organisations?</li> <li>- What is the most challenging and rewarding aspects of working with other social change oriented organisations?</li> <li>- Remember to ask for examples, anecdotes and personal stories</li> </ul>
5. Learning Experience	<ul style="list-style-type: none"> <li>- How has the philanthropic process evolved since the inception of this foundation?</li> <li>- What valuable lessons have been learned in this time and how have they been utilised in the work the foundation does?</li> <li>- What do you think the impact of the philanthropic process has been on the founding entrepreneur?</li> <li>- Remember to ask for examples, anecdotes and personal stories</li> </ul>

### **10.3 Interview Schedule for Recipient Organisations**

The format of interview will be a semi-structured process, which may be varied at the discretion of the interviewer if believed necessary to elicit relevant and valuable information from the interviewee.

At the start of the interview the interviewee will outline the aims and purpose of the project in order to focus and make the interviewee feel comfortable.

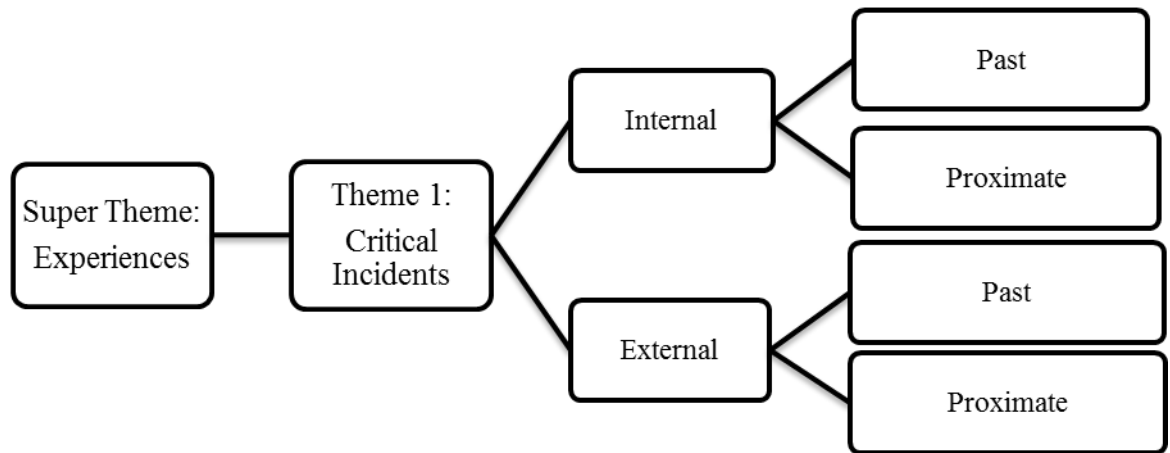
1. The research is for a Doctoral Thesis on Entrepreneurial Philanthropy in the 21<sup>st</sup> Century focussing specifically on the United Kingdom.
2. The research aims to make sense of the phenomenon of contemporary Entrepreneurial Philanthropy.
3. The researcher is interested in understanding the practice of entrepreneurial philanthropy and what this means for organisations currently engaged with such philanthropists. To understand, what is it like for you working with entrepreneurial philanthropists, and does this compare to working with other funding bodies?
4. The project is organised around 5 in depth case studies of entrepreneurial philanthropists and their associated foundations. Interviews will be conducted with: a) the entrepreneurial philanthropist, b) key individuals within each foundation and c) key individuals within associated funded partner organisations. In addition, the researcher will access information about each individual entrepreneurial philanthropist and associated foundation that is located within the public domain.
5. In parallel to the in-depth case studies there will be interviews conducted with other key players in the U.K. field of entrepreneurial philanthropy.

The researcher will state to each interviewee that depending on their preference, the interview can be anonymous, in which case the contributors words or opinions will not be attributed to them. All references to them or their organisation will be anonymised, completely confidential and independent.

Topic	Standard Questions
1. Background	Can you tell me about the history of this organisation and what does it do now?  Prompts and Secondary Questions - What are the aims of this organisation? - Can you tell me about your role within this organisation? <i>Remember to ask for examples, anecdotes and personal stories</i>
2. Establishment of Working Relationship	How did your organisation come to work with the (name of) Foundation?  Prompts and Secondary Questions - In what ways does the (name of) Foundation contribute to your organisation? <i>Remember to ask for examples, anecdotes and personal stories</i>
3. Working relationship with philanthropic foundation	Can you describe the working relationship between your organisation and the foundation?  <i>Hierarchical versus Egalitarian</i>  Prompts and Secondary Questions - How has the relationship with (name of ) Foundation impacted on your organisation? - How are decisions reached between your organisation and the foundation? - How does this process impact on your individual role? - How different is it working with (name of ) Foundation to your working relationship with previous funding/ grant awarding organisations? <i>Remember to ask for examples, anecdotes and personal stories</i>
4. Organisational Change	Can you explain to me what, if any, changes have resulted from your organisation entering partnership with the (name of) Foundation?  Prompts and Secondary Questions - Can you explain to me in what way these changes have impacted on your organisation? <i>Remember to ask for examples, anecdotes and personal stories</i>
5. Organisational Performance	What impact has the partnership had on the performance of your organisation to meet its objectives?  Prompts and Secondary Questions - In what ways does the (name of) Foundation monitor the performance of your organisation? <i>Remember to ask for examples, anecdotes and personal stories</i>
6. Transformational Power	Prompts and Secondary Questions Has the engagement of your organisation with an entrepreneurial philanthropic foundation transformed the ability and scope of your organisation to make a difference in your specific field? If so, in what way? <i>Remember to ask for examples, anecdotes and personal stories.</i>

## 10.4 Illustration of data analysis

**Figure 10.2: Illustration of analysis tree of the “Experiences” theme**



**Table 10.9: Distribution of quotes contained in the “experience” theme across the case studies**

Case	External Past	External Proximate	Internal Past	Internal proximate
Case 1	Reference 4		Reference 1	Reference 2 Reference 3
Case 2	Reference 1			Reference 2
Case 3	Reference 1 Reference 2 Reference 3			
Case 4	Reference 1		Reference 2 Reference 3 Reference 5	
Case 5		Reference 2 Reference 3	Reference 1 Reference 4	
EEP:B		Reference 1		Reference 2 Reference 3
EEP:C				Reference 1 Reference 2

The quotes highlighted in Table 10.1 refer to the quotes that were selected for inclusion in the text relating to the role of personal and vicarious experiences in shaping the philanthropist. Below is a complete list of all of the quotes captured in

the Nvivo programme, which is followed by a brief narrative that explains on what basis the quotes were selected for inclusion in the text.

### **List of Quotes contained in the theme “Critical Incidents”**

#### **Case 1**

Reference 1 - 1.48% Coverage

We were a mining village. Business was good until the miner’s strike of ‘84. At that point it was a real turning point for the business. I was quite involved in the business then, but I had never wanted to go into the business as I saw it as very restrictive. With the miner’s strike coming on times got very hard. After that the mines never really got going again and in 1986 they basically closed. For a village where 75% of the male employment was in the mines it was devastating. My dad sold the shops, it had been a great business but obviously there was no more customers and it becomes very difficult.

Reference 2 - 0.98% Coverage

We sold the company for £298 million. It actually felt terrible, because headquarters were on this site here and we employed an awful lot of people. I knew those jobs were going to disappear, because the business was going to be moved down to Wigan. It was a very difficult time. I knew it was the right thing to do because the market was getting tougher and we couldn’t have continued the same sort of growth. Things were tight enough. So I knew all that but it was still a difficult time in people losing their jobs and stuff. Difficult.

Reference 3 - 1.08% Coverage

At that point basically, I mean I had a very large cheque in the bank. I was only thirty seven years old and I had only really had one job in my life, which was this company so I had sold the only thing that I had ever done. So I had a big cheque, I was young but I didn’t know what to do. So I kind of had to go and educate myself as to what the next step was going to be, you know at the time it was very daunting but I tried to look at it by saying look I have got a chance to do anything I want to do now so lets go and find out what the possibilities are.

Reference 4 - 0.24% Coverage

I saw what happened when a community relies on a nationalised industry and nationalised industry goes away it is devastating.

### **Case 2**

Reference 1 - 0.14% Coverage

When we came back from Africa, which was important to us as we saw a lot of stuff in the time that we spent there.

Reference 2 - 0.34% Coverage

When we sold ( the first entrepreneurial venture) in 2000, it created an opportunity to take our capital from that transaction and to put it into an independent Charitable Foundation, which we started at exactly the same time as we sold the company.

### **Case 3**

Reference 1 - 0.18% Coverage

He (husband) spent a very formative four months in the Philippines working for a bank but spending all his spare time both in rural and urban poverty there. At that point it was a formative experience, I don't think he knew what to do with it but it was clearly something that had an exceptional impact on him.

Reference 2 - 0.25% Coverage

He (husband) was truly stunned by seeing the children scouring through the garbage heaps in Manila. I think it was the first time that he thought of his family's poverty in a different context.

Reference 3 - 0.24% Coverage

When I met (husband) a few years after his time in the Philippines he viewed this experience of poverty and his awakening to this form of poverty as among the most important occurrences of his life.

### **Case 4**

Reference 1 - 1.17% Coverage



The Observer ran a series of articles called the Sad Society and each week they had different examples of the 'sad society', and I went on holiday and when I came back it was the last week and it said if you want to do something about the sad society you could help any of the charities that had been featured. So I chose the drug addiction charity in the West End.

Reference 2 - 0.56% Coverage

So that was my first departure into philanthropy from entrepreneurship and I started with a Charity for drug addicts to find them jobs, it was an employment agency for drug addicts.

Reference 3 - 0.82% Coverage

Then in the Seventies we went Public, the seventies were quite important to us as we became a Public Company. So one, the City expects something special of you and so we diversified into drug stores-we copied Superdrug and we built up a chain of fifty drug stores.

Reference 4 - 0.55% Coverage

We sold them ( the chain of fifty drug stores), and it was incredible by chance as we got paid twice as much as they were worth as we had four bids. Three bids around £10 million and the fourth one was £20 million,

Reference 5 - 0.06% Coverage

So I got £5 million personally and put it into a foundation.

## **Case 5**

Reference 1 - 0.10% Coverage

It was a good time to sell and I got a good price, about £750 million.

Reference 2 - 0.52% Coverage

Probably one of the things most influential single things was and I can't remember the exact date of this but it was about five years ago I suppose. I was taken around on a tour of Greater Easterhouse in Glasgow and remember that I had lived all my life a very sheltered sort of life, a private life. By going around greater Easterhouse and realising how people lived in the fourth richest country in the world. Maybe not on

per capita basis but nevertheless a highly developed country and realising that people lived there and the housing terrible conditions

Reference 4- 0.44% Coverage

They basically lived a life of no hope. I knew that if I were born into Greater Easterhouse I am not sure if I would have been able to get out of Greater Easterhouse I am not sure I could have made my way out with the problems and the lack of aspirations

Reference 5 - 0.06% Coverage

I had Prostrate Cancer last year after a lot of tests and a lot of talk I decided to go for Surgery and the best place to go for surgery was Detroit Michigan and the kind of surgery I wanted to do which was Robotic.

### **EEP: B**

Reference 1 - 0.47% Coverage

I set off to climb K2, on travelling through the different areas to get to the starting point was struck by just how harsh the conditions were for those people living in the area.

Reference 2 - 0.79% Coverage

One of the French members of the expedition was found dead in his tent and arrangements were made to airlift the body off of the mountain. Then my Sherpa named Sher took seriously ill with a collapsed lung and when requests for air assistance were refused Mick was left in a position where he had to make a life or death decision for Sher.

Reference 3 - 0.95% Coverage

Decided to do something about it and for four days carried and dragged Sher down the mountainside, all the time Sher kept saying thank you...On day three lying on the side of a glacier life in Scotland almost seemed non-existent and decided if I made it down the mountain alive, life would change and I'd make a difference.

### **EEP: C**

Reference 1 - 2.02% Coverage

When I sold, the deal was quite tetchy to complete, didn't know if it was going to get done but eventually we locked ourselves in a room on a Friday afternoon at lunchtime and we didn't sign the paperwork until the Saturday lunchtime. We were in there a long time, and what that meant was on the Monday morning I went into the office and made the announcement to the staff and said goodbyes and left by about the eleven- eleven thirty on the Monday morning. That was all fine, but waking up on the Tuesday morning I had no idea what I was going to do, where I was going to go. That was weird because for about twelve years of pretty intense 24/ 7 stuff so the first week or so I was anxious.

#### Reference 2 - 1.02% Coverage

I gradually slowed down and realised that I should take some months just to unwind and relax, and I did that for six or seven months and had a nice taste of life for a wee while but then I think I then needed to start focussing on what I wanted to do. So rather than being focussed on one particular company now we have got four or five different facets to the business and one being a foundation.

#### **Explanation note of quote selection process**

The broad theme under which the above quotes fall under is experiences, within this theme critical incidents was identified as an important sub theme and under which a code was developed in Nvivo. Figure 10.1 illustrates how the overall theme was developed into a tree code where the sub theme of critical incidents was identified and which was developed again to internal and external critical incidents and past and proximate critical incidents. In total 23 quotes are contained within the code critical incidents and these are further segmented into incidents that are internal and external, and past and proximate to the individual. The general context of the quotes is also presented in Table 4.2 on page 78 of the thesis.

An important component of the analysis was to understand the context of such incidents and to interpret the meaning at a micro and macro level. It was therefore necessary to examine closely the context of each quote within the code of critical incident. The data showed that there were different dimensions contained within this broad code including: internal and external, past and proximate. I approached the selection of quotes as a mechanism to illustrate the variation contained within this

particular theme. I sifted through the available quotes whilst referring back to the main transcript and more specifically the context from which the quote had been extracted in order to make sense of its meaning. Following this, I was able to induce the meaning at an individual and macro level of analysis and to interpret the results. I made a decision not to utilise all of the 23 quotes and to select those (as shaded in Table 10.1) that illustrated the different dimensions identified within the broad theme of critical incidents.

## **10.5 Summaries of case studies**

### *Case 1 summary*

**The individual:** The Philanthropist has made his personal wealth from selling his retail business and is estimated to have a personal wealth level in the region of £1Billion (in 2008). The individual derives from a family business background and can route his philanthropic behaviour back to his own father's engagement in giving back to the community in which they lived. The individual engaged in charitable giving prior to selling his business, but it was carried out in an ad-hoc and reactive manner. The selling of his business and its impact on his personal wealth level culminated in his founding of a philanthropic foundation almost by default for tax planning. However, this individual undertook to educate himself on philanthropy and in particular has been heavily influenced by the philanthropic activities of Andrew Carnegie and has subsequently developed a substantial public profile as a committed philanthropist. The individual has reflected on the experience of growing up in a tight knit mining community, which was left "devastated" by the closing of the mining pits in the 1980's and where the social and economic consequences were substantial to his community. This past experience has shaped his thinking of philanthropy as a tool that can be used to empower people through the development of a culture of entrepreneurship.

**Approach to philanthropy:** The approach to philanthropy is influenced by this individual's approach to business and follows the same principles. It is centred on determining at the outset what the end goal is and agreeing that end goal with all involved parties and breaking it down into realistic tasks. The role of strategic

partners in this individual's approach to philanthropy is important. It is viewed as a mechanism to develop and apply the resources that are required in the areas of intervention that his philanthropy is focussed upon and it supports creating change at a macro level.

**Targeted areas of philanthropy:** Poverty eradication, education, development of leadership capacity and young people.

**Geographic location of philanthropic activities:** United Kingdom and Africa

### *Case 2 summary*

**The individual:** The philanthropist has made his personal wealth through selling a technology venture that he created and is estimated to have a personal wealth of around £80 million (in 2008). The individual has always engaged in charitable giving and committed ten percent of his annual income prior to creating the level of personal wealth which he currently has. The sale of his first business enabled him to create a foundation through which he could engage in philanthropy more actively. The foundation is linked to the new business that the individual has subsequently established; importantly employees can contribute through payroll giving and the giving of their time to projects in Kenya supported by the foundation. The philanthropist has developed the foundation model to incorporate other trusted business associates who contribute their resources to the philanthropic activities of the foundation.

**Approach to philanthropy:** The approach to philanthropy is influenced by this individual's approach to business and seeks tangible returns that can be measured at an individual and community level. The foundation supports existing initiatives in the community and has also co-founded a social venture that directs its entire profits to the in-country programmes that it supports. The social venture provides training and employment opportunities for at risk young adolescents in Kenya. The philanthropist views the development of partnerships with local people in country as a mechanism to create sustainability in the programmes in the long term.

**Targeted areas of philanthropy:** Poverty eradication, education, development of leadership capacity, young people.

**Geographic location of philanthropic activities:** Africa

### *Case 3 summary*

**The philanthropy team:** The role of philanthropist is one that is jointly shared between the husband and wife, both of whom are integral to the engagement of philanthropy. Their personal wealth derives from the financial industry. The foundation is directly linked to a hedge fund which receives income from a management fee; a performance fee and importantly it also reinvests its income back in the hedge fund which continues to yield a substantial return for the foundation. Both individuals have been involved in charitable giving prior to creating the foundation. However, the increase in personal wealth acted as a catalyst to their joint approach to philanthropy and facilitated their creation of a foundation. In particular, the husband through his earlier work and travels in Asia became exposed to rural and urban poverty. This formative experience made an impact on him and has influenced his engagement in philanthropy and their focus upon helping children.

**Approach to philanthropy:** The approach to philanthropy adopted is to deconstruct the problem and to identify solutions to address the different factors that make-up a problem. There is considerable engagement with external experts in identifying potential solutions. Through the extensive contacts that the foundation has across international developmental sector the foundation can extend its reach globally in identifying people who can help to develop and deliver solutions in the problem areas of health and education in developing countries. The foundation values the development of strategic partners and considers it to be important to catalyse change at a macro level through influencing policy and national government take up in relation to education and health initiatives. The foundation views the measurement and evaluation of their projects as an important aspect of their approach to philanthropy.

**Targeted areas of philanthropy:** Children are the primary beneficiary of this foundation, and the foundation works to enhance every aspect that impacts on a

child's opportunity to survive and thrive. In particular, education and paediatric health initiatives have been focussed upon by this foundation.

**Geographic location of philanthropic activities:** Developing countries, Africa, India and South America

#### *Case 4 summary*

**The individual:** The philanthropist is a mature successful entrepreneur whose personal wealth derives from his service sector business which he took public in the 1970's. At around the same time he established a chain of retail stores, which he later sold and which the formalising of his philanthropy. This individual established the foundation after he sold the chain of retail stores, which personally netted him £5 million. However, it is important to note that prior to establishing the charitable foundation this individual engaged in charitable giving and philanthropy by working with a drug addiction charity in the west end of London helping its clients to find employment. Therefore, he has had a long interest in helping people.

**Approach to philanthropy:** The approach adopted by this individual in their philanthropy involves using the initial £5 million investment in the charitable foundation to publicly raise funds for specific campaigns that the philanthropist supports. More specifically, from an initial investment of £600,000 in a programme that provides funding to health and education initiatives in Ethiopia a further £18,000,000 of funds has been raised from the UK public. Furthermore, this model has also been replicated in Australia and Sweden. The philanthropist believes it is important for young people to be exposed to philanthropy and he has a graduate scheme as part of his main company. In the scheme graduates are firstly seconded to the charitable arm that runs the public fund raising campaigns before embarking on roles within the commercial company. Interestingly, the foundation owns 18% of the commercial company which facilitates a flow of funds to the foundation. Employees are also encouraged to donate through payroll giving.

**Targeted areas of philanthropy:** Education initiatives in the UK have been funded and in the developing countries healthcare initiatives have primarily been the target of this philanthropist.

**Geographic location of philanthropic activities:** UK and Africa

### *Case 5 summary*

**The individual:** The philanthropist is an entrepreneur whose personal wealth derives from the sale of his service sector business for £750 million. The individual comes from a family business background, although he did not himself go into the family business and instead founded his own company. The individual comes from a privileged family background and has reflected on the importance of a visit to a deprived area in Glasgow that impacted on him and prompted him to engage in philanthropy that benefited young under-privileged people. However, the individual has always engaged in charitable giving to a portfolio of charities with a focus on the Arts and health; but the sale of his business facilitated his adoption of an organised approach to his philanthropy. More specifically, the establishing of a foundation that focuses on young people in the UK.

**The approach to philanthropy:** The philanthropist endows his foundation annually and has adopted a grant making approach in his philanthropy where a small number of organisations are funded over a 3 year period. There is great emphasis placed on measuring the impact of the recipient organisations on the end beneficiary groups through the application of a 360 evaluation. The foundation utilise independent consultants to conduct such evaluations with their recipient organisations and the end beneficiary. The level of interaction between the foundation staff and the recipient organisations is high and the foundation is viewed not just as a funder but as a critical friend by the recipients.

**Targeted areas of philanthropy:** This philanthropist seeks to address poverty of ambition and supports initiatives that develop young people in the UK. Educational initiatives have been founded and existing initiatives are also supported within the UK. Emphasis is placed on supporting organisations that also take a holistic approach to the development of young people

**Geographic location of philanthropic activities:** UK