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Entrepreneurial Philanthropy

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Introduction

Wealthy entrepreneurs have long been involved in large-scale philanthropy (Harvey et al., 2011; Fleishman, 2007; Nasaw, 2006; Chernow, 1998, Bradley, 1987). Individuals of historic stature like Andrew Carnegie, Andrew Mellon and John D. Rockefeller are remembered as much for their social innovations as their business prowess. More recently, research has suggested a revival in the engagement of super-wealthy entrepreneurs in ambitious projects for social renewal (Bishop and Green, 2008; Schervish, 2003, 2005; Handy and Handy, 2006). Bill Gates and Warren Buffet have emerged as champions of the new wave mega-philanthropy following their union in 2006 when Buffet gifted \$31 billion to the Bill and Melinda Gates Foundation. The duo subsequently went on to create the Giving Pledge in 2010, declaring their intention to dispose of the greater part of their wealth philanthropically and inviting others to pledge the same, encouraging the media to pay more attention to super wealthy individuals and their involvement in philanthropy. Indeed, these individuals now enjoy celebrity-like status (Bishop and Green, 2008). The academic discourse, in contrast, has with notable exceptions largely remained silent on the issue (Acs and Phillips, 2002; Schervish, 2003; 2005; Desai and Acs, 2007)

In this chapter we focus on the philanthropic activities of high net worth entrepreneurs who are involved in substantial acts of philanthropy at home and abroad. Such individuals are referred to as ‘entrepreneurial philanthropists’. Entrepreneurial philanthropy is defined as the “*pursuit by entrepreneurs on a not-for-profit basis of big social objectives through active*

investment of their economic, cultural, social and symbolic resources” (Harvey et al., 2011, 428). Importantly, entrepreneurial philanthropists do not view philanthropy simply as giving away their personal funds. Rather, they view philanthropy as a mechanism to invest excess wealth to orchestrate social change on a large scale through application of their business know-how. They aim for measurable social returns on investment. However, social change on a large scale is only possible by entrepreneurial philanthropists functioning within the extra-corporate networks that span the domains of business, politics, government, charities and philanthropy. Admission to such circles is consequent upon their power and standing within the economic domain.

The chapter begins with a discussion of the historical context of entrepreneurial philanthropy, focusing upon the influential ideas and pioneering endeavours of Andrew Carnegie. This is followed by a theoretical discussion of the phenomenon of entrepreneurial philanthropy, in which entrepreneurial philanthropists are viewed as capital rich, hyper-agents (Schervish, 2003; 2005) with the wherewithal and capabilities needed to promote social change. As hyper-agents, entrepreneurial philanthropists have access to the circuits of power that bind the upper echelons of society. This space is referred to within the academic discourse as the field of power (Bourdieu, 1996; Maclean et al., 2010). We use Bourdieu’s (1996) capital theory as a theoretical lens through which to view the different types of resources applied in entrepreneurial philanthropy. In addition, Schervish’s (2003, 2005) hyper-agency theory is drawn upon to explain the nature of the phenomenon. This is followed by an analysis of contemporary entrepreneurial philanthropy in the UK drawing on data, including personal interviews, with entrepreneurial philanthropists. The implications are then discussed and provisional conclusions drawn.

Historical context of entrepreneurial philanthropy

Entrepreneurial philanthropy is not new. We only have to look back and consider the exploits of Andrew Carnegie; John D. Rockefeller, Titus Salt and William Hesketh Lever to see that successful entrepreneurs may extend their reach from the economic to the social realm. It is therefore best viewed as an evolving phenomenon with entrepreneurship and philanthropy firmly entwined and wherein the values and dispositions associated with entrepreneurship permeate philanthropic practice.

The career of Andrew Carnegie is illustrative. Carnegie was a renowned industrialist and philanthropist from humble Scottish origins who had migrated with his family to the United States as a young boy. The son of a handloom weaver Carnegie progressed from bobbin boy in a cotton mill to telegraph operator, railways manager, bond salesman and founder of the market dominant steel company that when sold to JP Morgan in 1901 became US Steel. Carnegie's meteoric career is already well documented (Hendrick, 1932; Livesay, 1977; Nasaw, 2006). Carnegie's vast wealth was secured through a strategy of growth through continuous re-investment in an integrated cluster of businesses based around Pittsburgh. Large profits and the proceeds from the sale of the company funded his philanthropic ventures which expanded greatly in scale and scope between 1901 and 1914 (Nasaw, 2006; Harvey et al., 2011). Carnegie's philanthropic activities had begun decades earlier in 1873 when he gifted an organ to his former church. This was followed in 1874 by the gift of swimming baths to Dunfermline, his hometown in Scotland. He went on to pay for thousands of church organs in the belief that music had a civilizing effect on society. He also built thousands of libraries for the masses across North America, Britain and the British Empire. In this he was inspired by personal experience and the idea that access to books was a source of personal liberation and social advancement (Nasaw, 2006). He built and stocked libraries with the proviso that the municipal authorities paid for their upkeep, re-stocking and running costs, ensuring continuation once the capital he had provided was exhausted.

Carnegie was a gifted self publicist, writing extensively about the relationship between wealth creation and philanthropy, most famously in the *Gospel of Wealth* (Carnegie, 2006). Through his writings, Carnegie acknowledged that economic progress had led to the means of productions being concentrated in the hands of the few, resulting in the growth of income inequality, which caused envy and threatened to undermine society. He viewed philanthropy as a mechanism that might help maintain social harmony (Karl and Katz, 1987). Carnegie's moral stance is captured in his famous dictum: "The man who dies thus rich dies disgraced" (Carnegie, 2006, p.12). Carnegie's world view is one which contemporary philanthropists have embraced. Individuals like Sir Tom Hunter, Bill Gates and Warren Buffett have publicly expressed their wish to follow in the footsteps of Carnegie, disposing philanthropically of the majority of their fortunes whilst still living – giving rise to the slogan "giving while living" and reference to them as "Carnegie's children" (Bishop and Green, 2008).

Carnegie is thus viewed as a pioneer of entrepreneurial philanthropy both as practitioner and moral philosopher (Harvey et al., 2011). He put more than money into his projects. His contribution to the international peace movement, for example, involved writing, public speaking, organising high-profile events, pressing for legislative changes, negotiating international agreements, and seeking the support of governments and heads of states (Harvey et al., 2011, p425). He was highly focused in his philanthropy and most often rejected unsolicited requests for help (Nasaw, 2006). Moreover, he responded to perceived social needs innovatively: he established Hero Funds to reward self sacrifice on the part of ordinary men and women, and pension funds to help attract talented people to teach in universities and colleges (Wall, 1970). His lasting legacy was the Carnegie Corporation of New York, established in 1911 to administer the remainder of his personal fortune and to promote his long-term interests in higher education, libraries, research and international

peace. Carnegie's approach to philanthropy serves in many respects as a model for the entrepreneurial philanthropists of today. He is estimated to have made philanthropic investments worth \$9.12 billion (in 2010 prices) during his life time (Harvey et al., 2011: 427) and died true to his word having relieved himself and his family of what he regarded as the ethical burden of trust that came with colossal wealth.

Theoretical perspectives on entrepreneurship, power and philanthropy

A necessary component of entrepreneurial philanthropy is access to considerable personal wealth, most typically amassed over the course of a business career. Often, such individuals have risen to become dominant actors within their industry and have acquired considerable power stemming from command over substantial resources (Clegg et al, 2006). This elite category of entrepreneurs controls key technologies and know-how, and they pursue dominant business strategies frequently involving mergers and acquisitions (Chandler, 1977; Harvey et al., 2011). A distinguishing feature of such individuals is their capacity to learn quickly and respond flexibly to changing situations and opportunities. They demonstrate the 'knack' of reading correctly the future trajectory of industries and business sectors (Cope, 2005). The entrepreneurial businesses they create are fast changing and adapt continuously in response to interactions with customers, suppliers, competitors and partners (Chia, 2002; Tsoukas and Chia, 2002). Considering the extensive resources they command and the power it confers on them, it is instructive to explore the different types of resources at their disposal.

Bourdieu's theory of capital serves as a useful theoretical framework. He asserts that that the most powerful members of society have an abundance of four forms of capital — economic, social, cultural and symbolic — which they use to maintain and extend their reach within society (Bourdieu, 1986). He argues that economic capital is the most important as it can be converted readily into each of the other forms of capital. Figure 1 depicts each of the

four forms of capital that elite entrepreneurs possess and signifies their interaction, cash serving as the medium of exchange that facilitates capital conversion.

[INSERT FIGURE 1 HERE]

Economic capital includes both tangible and non-tangible assets such as buildings, plant and equipment, patents, organizational routines and the systems that facilitate production. Cultural capital refers to the knowledge, know-how and capabilities of the entrepreneur, their employees and business associates. Social capital refers to networks, contacts, relationships and alliances, which have a productive value. The fourth form of capital is symbolic and refers to the reputation and status of the entrepreneur and their organisations, which facilitates trust in partners, suppliers, customers and regulators. Importantly, symbolic capital is a powerful silent resource that can be used to create belief within the business community and markets about the capabilities of entrepreneurs and firms (Harvey and Maclean, 2008; Maclean et al., 2006).

The accumulation of different forms of capital is integral to the advancing fortunes of the most successful entrepreneurs. It is equally important to the practice of entrepreneurial philanthropy, which rather than constituting a discrete life world, is best regarded as a natural extension of prior accumulative tendencies. Whilst there may be no direct economic return from engagement in philanthropy, as Figure 2 suggests, there may be positive returns with respect to social, cultural and symbolic capital, which indirectly might yield economic returns. The model helps to explain how capital can be accumulated and deployed in the process of entrepreneurial philanthropy (Bourdieu, 1986; Firkin, 2003; Erikson, 2002; Shaw et al., 2008). It also helps to explain how entrepreneurial dispositions impact on philanthropic practices. Furthermore, and importantly, the notions of convertibility, accumulation and

deployment lead us to the notion that capital and the exercise of power are fundamental to hyper-agency.

[INSERT FIGURE 2 HERE]

Building on Bourdieu's (1986) argument that the truly powerful in society have an abundance of all four forms of capital, the theoretical concept of hyper-agency posited by Schervish (2003, 2005) emphasizes the transformative potential of agents with command over significant resources. The transformative capacity of an individual is a function of personal wealth viewed broadly: "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). Given the ability of entrepreneurial philanthropists to draw on multiple forms of capital, it is suggested here that their ability to move seamlessly between the fields of business, politics and development is the hallmark of their status as hyper-agents. This is exemplified by Sir Tom Hunter, a Scottish businessman, who has partnered with former President Clinton on philanthropic projects in Rwanda and Malawi. The creation of the Clinton Hunter Development Initiative symbolizes the union of the distinctive resources of each partner, a powerful combination when striving to bring about widespread social and economic change:

"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 am 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, 7th December 2006).

The Clinton Hunter initiative illustrates the workings of both capital theory (Bourdieu, 1986) and hyper-agency (Schervish, 2003, 2005), which are valuable tools for the exploration of contemporary entrepreneurial philanthropy, as demonstrated in the research findings reported below.

Researching entrepreneurial philanthropy

The findings presented here stem from an on-going research project on entrepreneurial philanthropy that has three main parts. The first is a database of 100 UK based entrepreneurs engaged in philanthropy. The data are drawn from seven discrete sources and relate to age, family, social class, religion, educational attainment, sources of wealth, philanthropic targets, philanthropic spend, networks and distinctions for the period of 2007-2010. Analysis of such data allows a picture to be built up of the different types of capital possessed by entrepreneurial philanthropists. Three criteria were applied to determine who should be included in the project database: first, individuals must have amassed their fortune through business; second, they had to have a minimum net worth of £10 million in 2007; third, their cumulative philanthropic spend must have been at least £1 million by 2007. The second part of the research is a series of life-history interviews conducted with 30 entrepreneurial philanthropists, 15 executives of philanthropic foundations, and 15 wealth managers and other experts in the field. The third part of the research is 10 in-depth case studies based upon multiple sources of data: interviews, documents, websites, observation, and in two cases participant observation. In adopting this three part approach to gathering fieldwork data, we have endeavoured to examine the phenomenon of entrepreneurial phenomenon holistically, mapping out its form and extent while drilling down to consider questions relating to motivation, ideology and method. The project is on-going and in what follows we present selectively some preliminary findings using capital theory as the organizing analytical device.

Foci of entrepreneurial philanthropy

It is near universal for entrepreneurs to focus their philanthropy on education, children and young people, health care, citizenship and the creation of economic opportunity. The emphasis geographically is on the UK and developing countries in Africa. In the UK there are numerous initiatives and programmes to support young people aged between 16 and 24 to improve their job prospects by providing targeted education and training programmes that might lead them to take up paid work. Education within the UK setting is a regular theme. Entrepreneurs commonly believe that education can empower young people to aim higher. Significant philanthropic investments have been made in the development of school curricula that incorporate leadership and enterprise components. Leadership initiatives are not targeted solely at young people, but also at those who are charged with their education. A considerable number of entrepreneurial philanthropists target their efforts at strengthening the leadership skills of teachers and head teachers. Combining enterprise and leadership is intended as a means to getting more young people to embrace business as a career. They also aim to develop a sense of citizenship in young people. The overarching aim of such programmes is to encourage young people to strive to make a positive contribution to society. The following quote is illustrative:

“Our programmes are focussed on trying to enhance citizenship, trying to enhance young people’s understanding of the problems in our society, what they can do to help, trying to enhance tolerance, to enable young kids to live in a non-prejudiced way and accepting people” (EP, Case 1).

The continent of Africa attracts significant resources from UK based entrepreneurial philanthropists. Eight out of the ten of our case study foundations have philanthropic interests in one or more African countries (only two are focused solely on the UK). The areas being targeted include poverty alleviation, healthcare, education, economic infrastructure,

routes to market for local products, and creation employment opportunities. The following quote is illustrative:

“Internationally, it is focussed on how can we help people help themselves...we try and create economic activity, try and create enterprise, try and create employment, try and give a family the ability to earn money to pay for the education of their children, to buy food for their kids and all the other things they should do” (EP, Case 1).

This resonates closely with the sentiments expressed above by Sir Tom Hunter with respect to his philanthropic activities in Africa, where the emphasis is placed on achieving a return that equates to an increase in the GDP of the country. The theme of helping people to help themselves and of empowering people recurs throughout each of the case studies. The philanthropists are piloting and funding programmes across the spectrum, often in partnership with national governments, international organisations, private businesses, non-government organisations and local grassroots organisations. In taking such an approach the entrepreneurial philanthropists are able to hold sway over policy makers and leverage resources beyond their own. The specific forms of capital deployed in entrepreneurial philanthropy are discussed further in what follows.

Deployment of economic capital

The voluntary transfer of economic capital is what most people identify as being at the heart of philanthropy (Fleishman, 2007). Yet, while much attention is lavished on the personal wealth of successful entrepreneurs, less attention is given to the amount of money actually redistributed through philanthropy. Our research suggests that while the deployment of economic capital is very important, it is not always the most important form of capital brought to bear in entrepreneurial philanthropy. By their own testimony, entrepreneurial

philanthropists place considerable emphasis on their know-how, connections, personal credentials and strategic ability. Nevertheless, the cash they invest in philanthropic projects is substantial as can be seen from Table 1. This provides headline financial details for our three largest case study foundations ranked by philanthropic spend. Investments in individual programmes of between £250,000 and £6 million are typical.

[INSERT TABLE 1 HERE]

Table 1 suggests that philanthropic spend relative to personal wealth has to date been relatively small for two of the three foundations. The exception is case 3 for which the income of the foundation is linked to a corporate financial investment vehicle. The first case foundation by contrast is funded from endowment income. The founder made an initial investment of £50 million and intends to increase this in due course. The entrepreneur behind the second foundation has pursued a third course. In this case the cash earmarked for philanthropic purposes is invested in the founder's venture capital fund and income is drawn down into the foundation when required to fund specific projects.

Deployment of social capital

The importance of know-who is a prominent theme in the study. An analysis of our database of 100 UK entrepreneurs engaged in philanthropy reveals that on average each individual has three influential contacts. An influential contact is defined as someone who within their circle is in a position of significant power (Useem, 1979). Such influential contacts are spread across diverse fields including politics, philanthropy, business, finance, media, sport, entertainment, education, the environment and the arts. Of particular interest are the names of influential individuals from the field of politics like Bill Clinton, Nelson Mandela, Kofi Anan and Tony Blair. Furthermore, the names of all three major UK political party leaders in 2010 are identified 24 times within the data set suggesting that ownership of political social

capital is of particular relevance to this set of elite entrepreneurs. This suggests that the entrepreneurs seek to accumulate social capital to strengthen their political power base and capacity for purposeful action. The interconnected symbolic dimension cannot be ignored; association with key political contacts enhances the symbolic capital of entrepreneur within the domain of philanthropy. The productive value of social capital is well established within the academic discourse (Burt, 1997; Jack et al., 2004; Maclean, 2008; Jack, 2010), as Coleman states “the function identified by the concept of social capital is the value of these aspects of the social structure to actors as resources that they can use to achieve their interests” (Coleman, 1988, p101). Another interesting aspect is that 19 of the 100 entrepreneurs share at least one influential contact confirming the density of the networks in which they are embedded. But how specifically is social capital deployed in pursuit of philanthropic ends?

The case studies suggest that the productive value social capital is two-fold. First, social capital is applied to secure access to additional financial resources. In the third of our case studies social capital has helped win additional funding for initiatives from business, charitable trusts and government agencies. In Case 2, political connections have proved valuable in securing additional funding to prolong the life of enterprise education programmes in UK schools. Second, philanthropists use their social capital in order to gain access to knowledge and expertise relevant to the specific issues they are targeting. The following quotes are illustrative:

“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” (EP, Case 2).

“(Name of person) is very accomplished; he has been a very successful government minister for the UK; we have had a number of conversations and the

partners have had a number of conversations with them about embedding our programme” (EP, Case 1).

The above quotes illustrate the important role that political capital plays in entrepreneurial philanthropy in attracting funding and influencing government policies. This suggests that the entrepreneurs are strategic networkers who target potential contacts who might help realize their philanthropic vision. Importantly, this also suggests business practices which have facilitated the growth of business ventures are carried over and applied within the philanthropic domain.

Deployment of cultural capital

Cultural capital is described by Bourdieu (1986) as existing in three forms: embodied (personal disposition), objectified (cultural goods) and institutionalised (certifications and credentials). Analysis of our database demonstrates that entrepreneurial philanthropists are rich in institutionalised cultural capital. This is reflected in the array of educational qualifications listed in Table 2.

[INSERT TABLE 2 HERE]

Analysis of the institutions awarding the qualifications reveals that a majority of the undergraduate level degrees were awarded by institutions within the elite Russell Group of research intensive universities, as were all of the awards of doctorates. Likewise, all of the MBAs were awarded by US Ivy League universities, with Harvard the preeminent source awarding seven degrees. This suggests that the philanthropists are rich in cultural capital and that this is likely to have been influential with respect to their subsequent engagement in philanthropy. Another interesting feature is the interrelation of cultural capital with the social capital and symbolic capital that derives from attending elite educational institutions.

In numerous publications, Bourdieu (1977, 1986 and 1998) proposes that embodied social capital is acquired through *habitus*, of dispositions being formed through regular experience of practices within distinct fields. The idea is that the tendency to behave in stereotypical ways is a consequence of living and working within particular contexts such as families and organizations that operate as structuring-structures. According to this view it is unsurprising that entrepreneurial dispositions first manifest in business carry over into the philanthropic domain. The following quotes are illustrative:

“What I am good at is the skills needed in running a business, dealing with people and trying to work a way around problems. I have no natural skills in philanthropy. I don’t actually know what it means. I mean, a philanthropist is a person who tries to help other people. Yes, that is my intention; but I am doing it as a business person” (EP, Case 1).

“It is a business- like approach, it is determining at the outset what you want to achieve... agreeing what success looks like over a period of time and then breaking it into manageable chunks” (EP, Case 2).

“In applying business principles (to our philanthropy) we expect a return; we only want to do programmes that have the highest value” (EP, Case 3).

The quotes suggest that the practice of entrepreneurial philanthropy requires a level of engagement that moves beyond the traditional identification of philanthropy with the writing of large cheques; confirming the attraction of performance measurement and accountability as central to the practice of entrepreneurial philanthropy alongside the desire to achieve impact and transformational change.

Deployment of symbolic capital

Symbolic capital is the fourth type of capital deployed by entrepreneurial philanthropists. An analysis of the 100 UK entrepreneurs in our database shows that there is significant ownership of symbolic capital, as displayed in Table 3.

[INSERT TABLE 3 HERE]

This highlights the numerous types of symbolic capital possessed by the entrepreneurs. Overall, 40 have been awarded state honours and more than a half have been recognized by universities, most commonly through the award of an honorary doctorate. This is hardly coincidental as 51 of the 100 entrepreneurs have made education the main target of their philanthropy. In recognising that there is a symbolic value attached to receiving awards and distinctions, the fact that over half of the sample has received business awards suggests that the philanthropists were already held in high esteem as business ventures. In addition, eight have received awards for their philanthropy and three have received the Beacon Prize (the UK award celebrating giving that has had significant impact). Those interviewed confirmed their wish to be recognised for their philanthropy and not simply for being successful in business. One interviewee put it most succinctly:

“I think excessive consumption and excessive wealth are distasteful. If you have got excessive wealth and you are doing something with it then it becomes excusable” (Philanthropist (8)).

“Philanthropy has given me a second career; I wouldn’t like to be part of this world and just thought of as (an entrepreneur). I mean when you are trying to be a bloody good entrepreneur, it sounds great, but when you are a bloody good entrepreneur it sounds a bit hollow when people ask you what you did with your life” (Philanthropist (8)).

These comments suggest that for some, legitimacy depends on having done more than make a lot of money (Maclean et al., 2012). The same need is reflected in the following quote:

“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 money. Those material goals have now been satisfied. I am making money now for the foundation, which is a great motivator and it has made us even more focussed on making money” (EP, 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 drive to create and accumulate wealth may remain important for these individuals, but this motivation gains in meaning and becomes a greater source of satisfaction when allied to a philanthropic purpose.

Discussion

Entrepreneurial philanthropy, we propose, is distinguished from large-scale charitable giving by wealthy individuals in three crucial respects. First, entrepreneurial philanthropists are not passive respondents to requests for support for a cause promoted by others. They are distinguished by identifying pressing social needs and devising innovative solutions. They seek, according to their own lights, to bring about beneficial social change that might be sustained in the long run. In other words, entrepreneurial philanthropists are would-be hyper-agents who seek to fashion the world ideologically and practically in ways that seem desirable to them. Secondly, entrepreneurial philanthropy is not about relieving the symptoms of social problems but about addressing root causes such as disease, ignorance and lack of employment. The governing idea is the need to provide sustainable solutions to deep-seated economic and social problems. The preferred solutions invariably favoured by

entrepreneurial philanthropists are those of the market and free enterprise. Their work is not designed to weaken, displace or compensate for the failings of capitalism, but to strengthen it at the grass roots level by fostering the conditions in which market economics might fully prosper. Hence, they insist in all their projects on the implementation of business practices such that due emphasis is given to measurable outcomes, rates of return on investment, accountability and growth. They mean to make a difference for individuals, communities and nations rather than tinkering at the edges. Thirdly, entrepreneurial philanthropists invest more than money in their projects. Financial resources are important in getting things off the ground and increasing the scale of activities; but at the same time they invest knowledge, connections and their reputation and high standing to bring projects to fruition.

The ethical and philosophical underpinnings of entrepreneurial philanthropy were first articulated by Andrew Carnegie in the *Gospel of Wealth* (2006). Carnegie, as we know from his biographer David Nasaw (2006), was badly stung by the charge that he and other leading industrialists were ‘Robber Barons’ who through the exercise of monopoly power had kept prices high and wages low to the detriment of the common man. He, as a disciple of the Social Darwinist Herbert Spencer, saw it differently. He and his ilk had risen to the top not through monopoly but by competing aggressively in fast-changing markets. This had meant recognizing the need to employ the best technologies and increase the scale of production to drive down costs and prices, so expanding markets and benefiting society at large by distributing the fruits of rising productivity. As a consequence, production had become concentrated in the hands of fewer and fewer companies, like Carnegie Steel and Standard Oil, and the owners of these enterprises had grown vastly rich. Such riches, Carnegie conceded, were not the product of individual genius and could not be ethically justified: they were an unjust side effect of a liberating and highly effective capitalist system. The remedy was not to destroy the system because it produced inordinately wealthy individuals, but for

those entrepreneurs to deploy their financial resources and business acumen in the pursuit of ambitious social goals. By investing in education, health, culture and other socially desirable projects entrepreneurial philanthropists might help renew and promote a more inclusive society: “The man who dies thus rich dies disgraced” (Carnegie, 2006, p.12). This inspirational statement and the logical and ethical presuppositions underpinning it apply just as much to the position of Microsoft and Bill Gates today as they did to Carnegie Steel and Carnegie in the later nineteenth century. Situation, solution and public utterances all bear a striking resemblance.

Entrepreneurial philanthropy plainly has arisen in the context of acute inequalities in income and wealth that result from capitalist economic development. On the one hand, power and resources become concentrated in the hands of the few to create the possibility of large-scale private intervention in social affairs (Desai and Acs, 2007; Harvey, 2010). On the other hand, the observable differences in life chances and living standards that result from economic inequality provoke in socially minded entrepreneurs the desire to make things better for others. This coming together of means and motivation induce the socially minded to look to philanthropy as a means of putting something back into society (Lloyd, 2004). Tax advantages and normative pressures amongst peer groups of wealthy entrepreneurs lend momentum to the process such that in some societies entrepreneurial philanthropy has become established as a social movement. This can be seen across the United States, more patchily in the UK and other parts of Europe, and is now evident, albeit selectively, in rapidly developing economies like India. What this movement stands for in essence is capitalism with a social conscience. Its values are those of free markets, free trade, individual liberty, efficiency, economic growth, and protection of property rights. The role of entrepreneurial philanthropy ultimately is to enable all members of society to enter the game, fulfil their potential and make economic and social progress in life.

The idealism inherent in entrepreneurial philanthropy is evident, and there is no reason to believe that the majority of entrepreneurial philanthropists do not act in good faith. This fact should not disguise the downside, contradictions and limitations of the movement. The most obvious downside is that entrepreneurial philanthropy compounds elitism. In extending their reach from the economic to the social domain entrepreneurial philanthropists hold sway over public policy, and by seeking to augment their own resources by those of governments, they divert taxpayer resources to their own, albeit social rather than private, ends. The biggest contradiction is that when entrepreneurs become philanthropists, they are likely to gain personally from the investments they make. The cash and other resources they put into projects can yield significant returns in terms of cultural, social and symbolic capital, which in turn can benefit the businesses they own. The marginal utility of each additional unit of income may be near zero for the super wealthy who have reached the limits of consumption and craving for financial security, but, at the same time, the value placed on status, recognition and legitimacy rises in proportion to their degree of separation from the common man (Maclean et al., 2012). Herein lays a paradox: the seemingly invulnerable titans of capitalism are increasingly exposed to feelings of detachment from society and seek to legitimize their disproportionate share of power and resources by recognition of their social worth by others through receipt of state honours and other distinctions (Maclean et al., 2010). Beyond this, there are limits to the movement which empirical research has only recently begun to investigate. We do not know, for example, the ratio between the amount invested philanthropically by the super wealthy and the amount retained for private purposes. Relevant computations are made problematic by privacy laws and the fact that market movements cause asset values regularly to move upwards and downwards. Moreover, we do not know how many members of the super wealthy elite are actively engaged in large-scale philanthropy compared to the numbers who, if we accept philanthropy as a collective source

of legitimacy (Maclean et al., 2012), benefit from their more munificent peers. These and other equally interesting questions await further research.

Conclusion

Entrepreneurial philanthropy is a research field which is currently underexplored and clearly undertheorised. But it is, we suggest, a topic which is vitally important in the present context of rising inequalities exacerbated by ever deeper cuts to government funding. The field demands further research in a number of critical areas. First, further study is needed to explore the impact that entrepreneurial philanthropy can have at local level, investigating the positive role that it can play in helping to regenerate deprived communities through small-scale entrepreneurial projects of social benefit (Maclean et al., 2013). Second, more research is needed which examines entrepreneurial philanthropy from an international perspective, transcending national boundaries so that lessons learned do not remain hemmed in within and confined to particular cultural contexts. Finally, further study is required to enhance understanding of historical perspectives on entrepreneurial philanthropy (Harvey et al., 2011), so that exemplars from the past may continue to enlighten us in the present and future.

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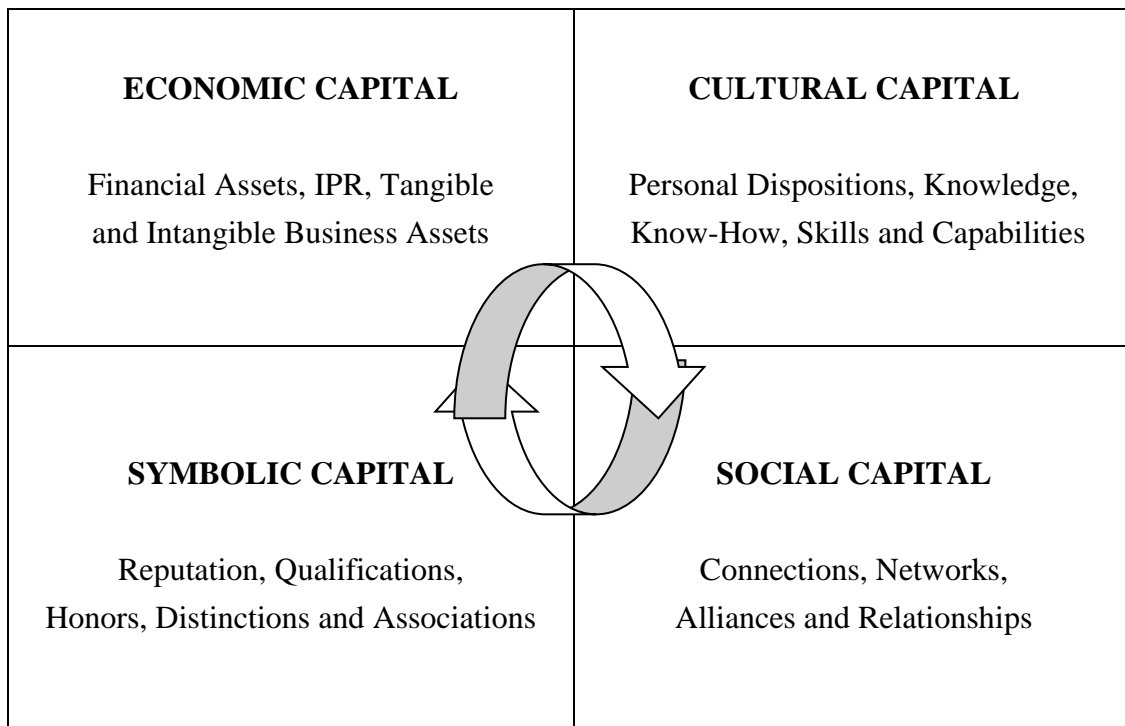
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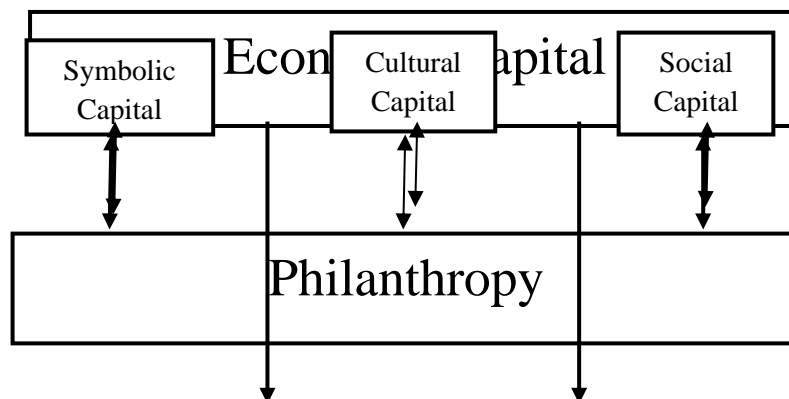
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Figure 1: Forms of Entrepreneurial Capital and the Accumulation Process



Source: Harvey et al. (2011: 429).

Figure 2: A Capital Theoretic Model of Entrepreneurial Philanthropy



Source: Harvey et al. (2011: 432).

Table 1: Foundation expenditure and personal wealth

Case	Funding Model	*Spend in 2008	*Spend in 2009	**Estimated wealth in 2008
Case 1	Endowment	£7, 009, 321	£12, 214, 000	£890, 000,000
Case 2	Endowment and funds retained in a Venture capital fund until required	£11, 443, 749	£8, 173, 541	£1,000,000,000
Case 3	Foundation income derives from an investment vehicle income	£33, 775, 210	£27, 438, 186	£110,000,000

Sources: *Foundation annual reports. ** *Sunday Times* Rich List 2008.

Table 2: Educational qualifications of philanthropists

Highest Qualification	N=100
None	25
Undergraduate degree	52
Master of Business Administration	13
Other Master's degree	6
Doctor of Philosophy	4

Source: Shaw et al. (2011: 12).

Table 3: Titles, honours and awards

Type of award	No.
Knighthood	13
Commander of the Order of British Empire (CBE)	11
Officer of the Order of the British empire (OBE)	13
Member of the Order of the British Empire (MBE)	3
Honorary doctorates	44
Russell group fellowships	10
Beacon Prize winners	3
Business Awards	52
Awards for Philanthropy	8

Source: Shaw et al. (2011: 15).