

‘Social Entrepreneurship and Community Renewal’

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Abstract

The economic crisis has accentuated the social and economic dislocation experienced by disadvantaged communities at a time of unprecedented political and public interest in philanthropy. This has concentrated attention on the contribution that philanthropists might make in addressing socio-economic challenges, and on the role that social innovation might play in regenerating communities. This paper adds to the literature on social innovation and social entrepreneurship which aims to integrate theory and empirical practice. By examining social innovation through the lens of a case study of the Community Foundation serving Tyne & Wear and Northumberland, the paper sheds light on how the sites and spaces of socially innovative philanthropic projects may have a bearing on their success. The paper highlights the importance of community engagement on the part of social innovators, and the power of self-organization in re-embedding communities. It suggests that storytelling by committed philanthropists may serve as a powerful proselytizing tool for recruiting new donors.

Keywords: community engagement; local embeddedness; self-organization; social innovation; storytelling

Introduction

The deepest economic crisis since the Great Depression has accentuated the social and economic dislocation experienced by ‘depleted communities’ in developed and developing economies (Chell et al., 2010; Johnstone and Lionais, 2004; Tapsell and Woods, 2010). At the same time, political and public interest in philanthropy is at an unprecedented level (Acs and Phillips, 2002; Anheier and Leat, 2006; Bishop and Green, 2008; Dietlin, 2009; Schervish et al., 2005). This has helped to concentrate attention both on the role that superwealthy individuals could play in addressing global challenges such as poverty and disease (Harvey et al., 2011), and on the developmental role that social innovation and social entrepreneurship might play in regenerating deprived local communities (Dees, 2008; Perrini et al., 2010). The discourses which surround the notion of the Big Society in the UK emphasize local initiative as key to unlocking the power of citizens to make a difference to their communities, whose unmet social needs are rising at a time of shrinking public funds

(Cameron, 2010; Localism Act, 2011; Rowson et al., 2012; Wells, 2011). As Nick Hurd, Minister for Civil Society put it, ‘Too many people have given up on their power to make a difference’ (Hurd, 2011). The harnessing of energies at local, community level is intended to help reverse this trend.

This paper focuses on the North East of the UK, more specifically on the Community Foundation (henceforth CF) serving Tyne & Wear and Northumberland, which aims to ‘inspire and support giving that strengthens communities and enriches local life’ on the part of individuals and businesses (Wellstead, 2011: 7). Its stated purpose is to serve as ‘the hub for community philanthropy in [the] area... to help local people, communities and causes’ (CF Annual Report, 2011). A community, from our perspective, is a set of individuals with shared values, assumptions and beliefs, whose interests, whether material or ideological, are bound together. Shared interests are fostered by the use of language that is ‘imprecise but value-laden’, thereby helping to instil in members the belief that their interests reflect those of the collectivity (Middleton Stone and Brush, 1996: 646). Communities bind individuals into a collective whole. Membership requires admission and the demonstration of commitment to the wellbeing of the collective. Hence, a community is far more than a loose collection of individuals; and social capital is arguably its most valuable resource (Bourdieu, 1986; Harvey and Maclean, 2010; Maclean, 2008; Molina-Morales and Martínez-Fernández, 2010; Peredo and Chrisman, 2006; Sharir and Lerner, 2006).

According to Bauman (2000: 170), the rise of communities represents an understandable response to the ‘accelerating “liquefaction” of modern life’, liquidity – of capital and people – being one of the defining metaphors of our times (Clegg and Baumeler, 2010). A key feature of the increasing liquefaction of social frameworks is

that it implies a process of ‘disembedding without re-embedding’ (Bauman and Tester 2001: 89). As an antidote, the community may offer ‘a shelter in relation to the planet-wide effects of globalization’ (Bauman, 2004: 7). Bauman (2004) divides communities into two key types: the community of life and fate into which individuals are born and grow up; and the community of practice which coalesces through a common sense of purpose or enterprise, and which emphasizes the importance of social relations between participants (Djelic and Quack, 2010; Lave and Wenger, 1991; Thompson, 2005; Wenger, 1998). The CF with which we are concerned here meets both criteria, being situated in the North East of the UK, to which the majority of its members have a natural attachment as a place of birth, work and/or abode; and in the way in which it brings together individuals from different walks of life, who would not normally interact, but who are united by a shared commitment to enrich the lives of those living and working in the area through effective giving. The stated mission of the CF for Tyne & Wear and Northumberland (CF Annual Report 2011: 5) is to engender ‘a “virtuous circle” of giving where engaged people and business support effective organisations to make a difference in communities’, thereby helping to maintain social harmony and bring much-needed social renewal to an area which currently faces deep-seated socio-economic challenges (Smith and Stevens, 2010).

This paper adds to the relatively sparse but expanding literature on social innovation and social entrepreneurship which aims to integrate theory and empirical practice (Perrini et al., 2010; Shaw and Carter, 2007). Within this, we respond to the call for more research which relates entrepreneurship to its societal context, emphasizing the importance of local embeddedness and the socio-cultural contexts in which innovation occurs (Austin et al., 2006; Granovetter, 1985; Ram et al., 2008;

Smith and Stevens, 2010; Tapsell and Woods, 2010). This privileges communities and neighbourhoods as appropriate sites of ‘entrepreneurial everydayness’ (Steyaert and Katz, 2004: 180). We adopt a case-based approach (Eisenhardt, 1989; Eisenhardt and Graebner, 2007; Yin, 2009) to examine how socially innovative approaches to community philanthropy may contribute, in a small but meaningful way, towards helping to revitalize a region which trails behind much of the UK on numerous socio-economic indicators. The North East has the highest unemployment rate in the UK, standing at 11.2 % in 2012 as against 8.4% for the country as a whole, and the fastest increasing rate of unemployment, particularly among 16-24 year olds (Office for National Statistics, 2012). It also has higher than average rates of financial exclusion, especially in former mining areas, and relatively few large-sized companies locally based (Department of Health, 2010; Wellstead, 2011).

The present paper is situated in the context of a wider, on-going study of entrepreneurial philanthropy, which examines individual and business giving, including its historical and international dimensions. We follow Harvey et al. (2011: 428) in defining entrepreneurial philanthropy 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*. Entrepreneurial philanthropists, by extension, are characterized by a desire to accumulate significant personal wealth, a large share of which they choose to assign to philanthropic activities under their control (Bishop and Green, 2008; Schervish et al., 1994; Shaw et al., 2012). The present paper uses the CF for Tyne & Wear and Northumberland as a lens through which to examine contemporary entrepreneurial philanthropy from a regional, community perspective. We ask the following questions: what light does the case study shine on the process of social innovation at grassroots level, accomplished for

the benefit of a particular local community in the North East of England? How does it add to current debates in the field of social innovation and social entrepreneurship and illuminate the practice of contemporary entrepreneurial philanthropy more generally?

The paper is structured as follows. In the next section, we review the literature of social innovation and social entrepreneurship from a community perspective, before presenting our methodology and research setting. The empirical findings from our case study are then explored and discussed. Finally, we outline the main conclusions of the paper, as well as its limitations, and the implications for theory and practice.

Social Innovation and Social Entrepreneurship: a Community Perspective

The fields of social innovation and social entrepreneurship are nascent and still emerging (Dacin et al., 2011). The literature, moreover, does not offer a consensus on what is implied by each. There is, however, recognition of the importance of the field, particularly in relation to its potential to address intractable social issues. This has sparked significant academic interest in recent years, and numerous attempts at conceptualization (Mair and Martí, 2006; Marshall, 2010; Pol and Ville, 2009; Sullivan Mort et al., 2002; Zahra et al., 2009).

There is nevertheless some agreement among observers on two aspects. First, that the two concepts are closely linked, the pressure to innovate being part-and-parcel of social entrepreneurship (Friedman and Desivilya, 2010; Peredo and McLean, 2006; Perrini et al., 2010; Weerawardena and Sullivan Mort, 2006). This point is emphasized by Chell et al. (2010: 485), who observe that: ‘social enterprises seek business solutions to social problems and in order to do so...it is necessary for social enterprises to foster innovation’. Nicholls (2006: 13, cited in Smith and Stevens,

2010: 577) defines social entrepreneurship as ‘innovative and effective activities that focus on resolving social market failures and creating opportunities to add social value systematically by using a range of organizational formats to maximise social impact and bring about change’. As Shaw and Carter (2007: 418) succinctly put it, ‘social entrepreneurship has been identified as an innovative way of tackling unmet socio-economic needs’, employing ‘innovative thinking’ (Steyaert and Katz, 2004: 182) to provide creative solutions to pressing issues in order to bring about social change (Calás et al., 2009). So while conventional entrepreneurship is primarily concerned with discovering and exploiting business opportunities (Shane and Venkataraman, 2000), social entrepreneurship is about channelling entrepreneurial activity towards solving social problems (Corner and Ho, 2010). As such, it employs business models in philanthropic contexts, which are geared towards evaluating outcomes and measuring success (Marshall, 2011).

Second, there is some consensus that the creation of social value is central to both social innovation and social entrepreneurship (Marshall, 2011). The primary objective of social enterprises is ‘mission-related impact’ rather than profitability *per se* (Dees, 1998). It is no coincidence that the rise of social entrepreneurship has accompanied the increasing inability of the state to satisfy growing social welfare needs, to which, rightly or wrongly, as advocated by neo-liberal discourse, there is some pressure for it to serve as a substitute (Blair, 2006; Calás et al., 2009). Mumford (2002: 253) offers a useful, clear definition of what is constituted by social innovation – ‘the generation and implementation of new ideas about social relationships and social organization’ – focusing attention on social settings, relations and self-organization. We follow the definition of social innovation proposed by Pol and Ville (2009: 881), who suggest that: ‘an innovation is termed a *social innovation* if the

implied new idea has the potential to improve either the quality or the quantity of life... innovations conducive to better education, better environmental quality and longer life expectancy [being] a few'. In this sense, social innovation is potentially system-changing. This definition fits well with our present study into social innovation and renewal at community level, concentrating as that does on initiatives which promote community wellbeing and environmental sustainability.

Two discourses are prioritized in the literature, according to Nicholls (2010). The first is that of the 'hero entrepreneur' (Gabriel, 1995), which highlights the success stories of individual entrepreneurs, who are presented as being central to socially innovative processes. Their narratives may serve the social purpose of encouraging other entrepreneurs who hear their stories to identify with them and seek to emulate them (Lounsbury and Glynn, 2001; Martens, Jennings and Jennings, 2007), identification processes being instigated through personal and shared narratives (Humphreys and Brown, 2002). Hence they are essential to the social entrepreneurship movement itself, which they serve to legitimize (Dacin et al., 2010; Dart, 2004; Maclean et al., 2012; Nicholls, 2010). The second discourse is concerned with communities and action networks (Hazelkorn, 2010; Johnstone and Lionais, 2004; Peredo and Chrisman, 2006; Perrini et al., 2010; Ram et al., 2008; Tapsell and Woods, 2010). Of these two discourses, the former is more dominant in the literature, while the latter, relating to community settings, with which we are concerned here, is marginalized in comparison (Heracleous, 2006). The reason for this may be that the logic of the hero entrepreneur is ultimately bound up with power, relative to which communitarian action aimed at social justice and the empowerment of citizens in marginalized localities may seem somehow less important (Dart, 2004; Nicholls, 2010).

However, as Hazelkorn (2010) points out, changing global discourses need to take account of the need for *community engagement as a form of social innovation*. Socially innovative and entrepreneurial activities are integral to the renewal and maintenance of communities, in that they have the power to instil a new sense of ownership, belonging and ultimately pride in the social cause amongst members (Peredo and Chrisman, 2006), creating opportunities for local actors to ‘make a difference towards their own situation’ (Steyaert and Katz, 2004: 192). In this sense they have the potential to go some way towards addressing the issue of the ‘*disembedding* of social institutions... the lifting out of social relations from their local contexts and their rearticulation across indefinite tracts of time-space’ (Giddens, 1991: 17-18). Pol and Ville (2002) highlight the importance of the *context* in which innovation takes place. The environment needs to be receptive to the advent and implementation of socially innovative ideas in order to help create a better future. In this sense, geography matters (Chell et al., 2010; Smith and Stevens, 2010; Steyaert and Katz, 2004).

Research Setting and Research Process

The empirical foundation of this paper is an in-depth longitudinal case study of the CF for Tyne & Wear and Northumberland. Greenwood and Hinings (1993: 1074) emphasize the need to take account of the ‘biography of the organisation under scrutiny’. A single case study has the additional advantage, according to Eisenhardt and Graebner (2007), of enabling the research to tell a better story.

The CF was launched in 1988, with the support of two local philanthropists as patrons, the historical novelist Catherine Cookson and affordable house builder Sir William Leech, and in receipt of funding from the Baring Foundation and four

charitable trusts from the area. The CF's founders subscribed to the view that 'funds should mainly come from those who had a great deal of it – the wealthy, businesses, and other charitable trusts – not from those who have relatively little' (Howells, 2010: 23). Hence, a more straightforward fund-raising model which might substantially rely on those of little means was rejected. The word 'community' was selected for the title, suggestive as it was of 'a sense of community where those who have support those who do not' (ibid.). In 1989, the CF's first CEO travelled to the US to learn what a CF was and how to run one (CF, 2008). The CF has since grown to become the largest and most successful in the UK and, indeed, outside North America (CF, 2008; Howells, 2010). Hence it represents something of an exemplary role model within the diverse Community Foundation Network of around 55 foundations in the UK, on whose board the CF's CEO currently serves, which others may seek to emulate and from which they may learn. The CF was granted Beacon status in 2007 for actively training other community foundations in managing their donor relationships. At the time of writing, there are an estimated 1,440 community foundations in existence around the world (Wellstead, 2011).

The CF plays multiple roles, as outlined in 2002 by the then CEO in a paper entitled 'Learning to Juggle', these having to do with grant-making, asset development, managing relations with donors, and exercising leadership. Its vision is effectively threefold. It seeks to enable effective giving by individuals and businesses; to support organizations with money, time and skills; and to influence and inform with regard to issues which affect the communities in its catchment area (CF Annual Report, 2011; Wellstead, 2011).

The CF's financial resources in terms of endowments have grown sizeably from £20,000 in 1990 to £47.4 million 21 years later. By contrast, 30 of the British

CFs have endowments under £1 million (Howells, 2010; Wellstead, 2011). Grant-making by the CF peaked at £11 million in 2006. However, the onset of the credit crunch in 2007 adversely affected revenues, later compounded by the fall in bank interest rates to just 0.5 per cent in 2009, compelling the CF to restructure its cost base and shed staff. Nevertheless, in 2010-11, the CF made a total of 1,603 grants with a total value of £4.8 million (CF Annual Report, 2011; Howells, 2010). The CF's two major sources of funds are private individuals and corporate donors, with the latter preferring to use flow-through funding, donated annually. By 2011, the CF held as many as 253 different funds, of which 192 represented endowment funds, with the remaining 61 being revenue funds. Of these 253 funds, the majority (133) comprised individual and family funds, 48 were corporate, in addition to 36 charity and trust funds, 21 theme and affinity funds and 15 programme or partnership funds. Most of the CF's grant-making is small scale, the vast majority (90 per cent) of grants awarded being under £5,000, and just 4 per cent being worth more than £10,000 (CF Annual Report, 2011). Yet, despite the emphasis in much of the literature on scaling up social impact (Bloom and Chatterji, 2009; Perrini et al., 2010), small scale does not imply being without impact. Indeed, through smaller, more targeted, precision grants, more people, projects and ultimately communities can benefit, enhancing the CF's capacity to enrich lives through effective giving.

With few large foundations in existence in the UK (the exceptions being Quartet in Bristol, Essex, Scotland, Northern Ireland, and Swindon and Wiltshire), and given a long tail of smaller foundations, the CF for Tyne & Wear and Northumberland represents something of an 'extreme case' (Eisenhardt, 1989). Extreme cases or 'polar types' may be used to facilitate theory building by shedding light on characteristics which are exceptional as well as more typical (Perrini et al.,

2010), thereby helping to ‘unfreeze’ thinking and to extend conceptual understanding (Eisenhardt, 1989; Eisenhardt and Graebner, 2007; Pettigrew, 1990). The CF is also an extreme case in its power to unite diverse local actors, through which it achieves a form of ‘informed pluralism’ (Willmott, 2008). This derives also from its geography (Smith and Stevens, 2010), benefitting as it does from a sizeable urban area in Newcastle, Gateshead and Sunderland, accompanied by a large rural hinterland in Northumberland, where many of the donors live. It is thus ‘large enough to contain sufficient wealth, but small and coherent enough to have identity and command local loyalty’ (Howells, 2010: 6), fostering a shared sense of belonging among different categories of actor.

This particular CF was not selected at random but purposefully (Siggelkow, 2007), due to its status as an extreme variant as the largest British foundation with the capacity to make a correspondingly greater difference to the lives of members of the community; and also for reasons of access, research into socially innovative entrepreneurial philanthropy being dependent *inter alia* on securing access to resource-rich actors who serve effectively as gatekeepers (Perrini et al., 2010; Pettigrew, 1992).

Within the activities of the CF, we focused in particular in our research on those pertaining to one particular grant-making fund programme, the Local Environment Action Fund (LEAF). In addition to high incidences of social deprivation, the North East faces far-reaching environmental challenges, in terms of ‘addressing environmental damage from previous industries, and reducing carbon emissions from current industries’ (Wellstead, 2011: 28). Recognising that environmental degradation and social deprivation are closely related, and that environmental improvement can lead *ipso facto* to a better quality of life for

community members, LEAF was established in 2006 with a remit to find local ways to address environmental issues (CF, 2008). It was set up in the form of a collaborative grant-making programme funded by four partners: the Shears Foundation, Greggs Foundation, an anonymous donor, and the CF, each contributing £50K annually to the fund. Launched in autumn 2006 by Jonathon Porritt, founding director of the Forum for the Future, it was initially called Local Action on Global Issues, but was renamed LEAF the following year. Its aims are fourfold: to improve the environment at local level and promote community involvement; to educate people locally so as to change behaviours; to have a positive impact on the wider environment; and to share practical lessons about the environment with others so that the learning acquired may be replicated elsewhere. Socially and environmentally pioneering, it is believed to be the first such initiative in the UK (Wellstead, 2011).

With regard to the ‘scaling of social value’ (Smith and Stevens, 2010: 588), projects funded by LEAF are small scale, but no less impactful for that, since, as Jonathon Porritt asserts, ‘lots of very small actions can result in a global revolution’ (Wellstead, 2011: 3). Applications for funds must have direct community benefits to gain approval. By January 2011, 153 applications had been received, of which 83 had been funded to a total value of £785,310. Guidelines for projects are kept deliberately open-ended, to encourage innovation. Funded projects to date have related *inter alia* to carbon reduction; reducing the pressure on water resources; and micro-renewable energy projects. Many have been pioneering. There have been local food projects encouraging small allotments and backyard growing. The food sharing project ‘Wor Hoose’ has prevented an estimated 66 tonnes of food from going to landfill. Coinciding with the International Year of Biodiversity in 2010, biodiversity and conservation projects have included the ‘creating a buzz’ project drawing attention to

the decline of bees and improving their habitats; the ‘flexigraze’ project involving local communities in the conservation grazing of rare breed sheep; the management of ancient woodland; and making low-cost wildlife homes from recycled materials (Wellstead, 2011).

In conducting our empirical investigation, in-depth semi-structured life-history interviews with key members of the CF and LEAF programme were carried out by two members of the research team. Interviewees included the CF’s current CEO; a long-serving CF board member; a private CF donor; LEAF partners, one of whom is the founder of a significant locally-headquartered business; a corporate donor, who started breakfast clubs in the area for deprived children; and the public intellectual Jonathon Porritt, who is closely involved with the CF, particularly through the dissemination of practical lessons learned through LEAF funded projects. Interviews lasted approximately 90 minutes on average, and all were recorded and transcribed. In addition, ethnographic observation was conducted by one member of the research team, who observed all board meetings and LEAF committee meetings over a period of two years, from 2009 to 2011. Further sources of empirical evidence consulted include CF histories and archival material, in-house magazines, annual reports, board and committee minutes, and other documents, both external and internal.

The life-history interviews enabled the research team to capture some of the participants’ own insights into the multiple personal and social benefits which can accrue from choosing to become an engaged funder. The expressions of human lives, as Denzin (1989: 9) observes, may be read as ‘social texts’. In what follows, we draw on these life-history interviews to illuminate key aspects of our study’s empirical findings. With the exception of Jonathon Porritt, a well-known media persona, interviewees are identified solely by their roles.

Social Renewal and the Practice of Contemporary Entrepreneurial Philanthropy

Harvey et al. (2011) and Shaw et al. (2012) have highlighted the importance for entrepreneurial philanthropists of *making a difference* in the socially innovative projects they undertake. These authors draw attention to the emphasis accorded to metrics and outcomes, and to the need for philanthropic projects to be seen to be *impactful*. The present study confirms these findings. We found in addition, first, that storytelling by engaged philanthropists, when considered in conjunction with their social networks, serves as a powerful source of inspiration, and is key to the CF's strategy to expand its donor base. Second, we found that local embeddedness, in particular the tacit local knowledge of committed philanthropists through which they are attuned to the local context (Marshall, 2011), is critical to the success of socially innovative processes capable of contributing towards social renewal. We now explore these findings in greater detail.

Storying Philanthropy

In the course of our research, the critical importance of individual donors narrating their experience of philanthropy to others was continually brought home to us. The sharing of success stories matters to the CF movement because it needs to generate an 'aura of success' in order to attract and inspire potential donors (Howells, 2010: 8; Martens, Jennings and Jennings, 2007). Prospective and actual donors wish to *fund success*. The CF's CEO explains the logic behind this:

'We have done things, social things where we have had a speaker, a philanthropist from elsewhere in the country, so people have had a dinner but there's been an interesting speaker. And that's very effective. So, people hear other people's stories of philanthropy from an invited guest, not necessarily from the Community Foundation donor but from somebody we've brought in through our contacts and who people can be inspired by their story and think:

“I could be like that. What could I do?” [CEO CF Tyne & Wear and Northumberland]

The power of storytelling by philanthropists who are engaged and committed (Middleton Stone Brush, 1996), and who can communicate their enthusiasm to others, has few substitutes in terms of its capacity to attract and inspire new donors from amongst their peers. According to the CEO:

‘There is very little cold calling. There’s hardly any, unless there is a particular fundraising activity. So, there is very little just writing to people, members of the public and saying “do this; do that; please give to us”. It’s almost all through word of mouth and through peer relationships... So, that works well but, yes, kind of writing letters to people and lecturing them... we don’t do that. We don’t think it would work very well’. [CEO CF Tyne & Wear and Northumberland]

The stories recounted by individual donors tell in particular of the self-actualization they have experienced through their philanthropic ventures. For individuals who have amply achieved already in their careers (Grey, 1994), and who possess all they could wish for materially, for themselves and their progeny, the joy of ‘giving back’ to the community from which they came is a powerful motivating factor in its own right (Maclean et al., 2012). One such story is told by a LEAF partner, who explains how he began his philanthropic journey by providing pie and peas suppers to pensioners in the local community:

‘I can tell you what my sort of path has been through it all. When we opened our first shop... it was very busy and straight away it was a success and we started doing pie and pea suppers for the retired people which were fantastic fun, actually. And the staff enjoyed it, I enjoyed it, we got off licenses to give drinks, and they had a real good party every six months there within that community, and that just seemed to me was a nice thing to do, reciprocate and give back something into that community’. [LEAF partner]

The interviewee’s enthusiasm to do something positive to benefit the community in which his customers lived, eventually giving rise to the LEAF

collaborative grant-making programme, was triggered when he was approached by the CF's former CEO.

‘Then, we were approached by [former CEO] to do something, the company was, for the Community Foundation, and I was keen, so we spent quite a lot of time and he showed us how you could actually organize these things... We saw the way we could actually make a difference on their social agenda. They didn't have an environmental agenda there and, anyway, it seemed that from the business's perspective maybe those deprived communities, where most of our business was, ought to be the focus'. [LEAF partner]

The sponsoring of environmental projects in his local area, thereby giving back to the very people who were also his customers, ‘where most of [the] business was’, enabled the donor to participate in new activities and experience an unexpected self-fulfilment which otherwise would have been improbable:

‘I was really interested in nature as a child, spent all my childhood running round with a jam jar and a fishing net. And I never did any science at all at school. So, it was an opportunity to do something in an area I was really interested... I had always been interested and, I suppose, frustrated that I'd never had any sort of scientific education at all. And my initial interest came through fishing and being in the countryside and by rivers where you will see a lot of wildlife and kingfishers and otters and ... and then I got involved with the River Tweed Commissioners which was basically managing the River Tweed which was absolutely fascinating, and up till that point managing the river meant shooting goosanders [ducks] and hitting poachers on the head, that was how you managed a river!’ [LEAF partner]

Through his growing involvement in river management, particularly through the Rivers Trust movement, the donor was given the opportunity to engage in practices which would otherwise have been foreclosed to him, reaping the benefits in terms of an enhanced quality of life for himself and others in the community. And while the motivation of some philanthropists may be called into question as legitimacy-seeking in order to gain external validation (Brown, 1998; Middleton Stone and Brush, 1996; Suchman, 1995), thereby attracting mass support for their entrepreneurial activities

(Smith and Stevens, 2010), this actively engaged funder puts his finger squarely on what really matters in the long run:

‘Is it really philanthropy or is it enlightened self interest or...? Quite often these things are ... you know, they bring a lot of benefits, you don’t necessarily do them for the sake of the benefits, *you do them for what they are...* I think in my case it’s philanthropic, I have a great wish to see other people not suffer as much’. [LEAF partner, our emphasis]

Renewing Communities

Identity is bound up with our sense of place, past and present, and with engaging in activities which help to anchor us within that place and infuse it with meaning (Bauman, 2004). Gatens and Lloyd (1999: 80, cited in Massey, 2005: 191) observe that ‘[t]he ongoing forging of identities involves integrating past and present as we move into the indeterminate future; and the determining of identities is at the same time *the constitution of new sites of responsibility*’ [our emphasis]. Our research suggests that the multiple activities of the CF for Tyne & Wear and Northumberland have helped to give meaning and purpose to the community by helping to create ‘new sites of responsibility’. One illustration of this is provided by a corporate donor, who recounts how he started breakfast clubs for deprived schoolchildren in the North East.

‘We started the Breakfast Clubs back in the late 90s and we’ve now got 125 of them. Basically it’s providing a free breakfast in disadvantaged areas in primary schools. A lot of the time the kids don’t get a breakfast because their parents can’t afford it or have no time. One knows that if kids don’t have breakfast they can’t concentrate and can be disruptive. You have got to feed them and breakfast is really important, and to me it is really important particularly in primary school. If you get kids into good habits at an early age then they have a better chance later’. [CF corporate donor]

In addition to helping to feed disadvantaged children, thus improving their concentration in lessons and reducing truancy rates, the breakfast club initiative had knock-on benefits for the community as a whole, contributing to community cohesion (Wellstead, 2011):

‘The other part of the model is to get the community involved so it’s only run by volunteers. It gave people a reason to get out of bed in a morning because they needed to come and run it. If the kids need it they will be there and it gave some a purpose in life. Things developed from there and people gained confidence, got part-time jobs, full-time jobs, and got people back into society with more confidence by being volunteers and helping’. [CF corporate donor]

The success of socially innovative processes also depends on the ability of the individual innovator to tune into the surrounding context, which matters (Perrini et al., 2010; Steyaert and Katz, 2004). Domain-specific knowledge and embedded ties are critical (Granovetter, 1985; Smith and Stevens, 2010). As one CF board member stated, ‘One does a great deal of this through one’s networks’. The breakfast club model has since been scaled up, so that these now exist all around the UK. But the key to their success, in this donor’s eyes, is *community engagement*: ‘We [the company] want the community involved because that’s one of the elements we think is important’. Philanthropy, he insists, has to be ‘community based’. Another CF private donor agrees, describing himself in simple terms as ‘a bottom up kind of guy. What is the environment I find myself in and how can I help out, you know, locally, where I am?’ This point is also stressed by Jonathon Porritt, for whom the importance of local embeddedness, and the ability of those leading socially innovative projects to empathize with beneficiaries, are factors critical to their success:

‘The closer you are to the communities and the individuals in those communities who will be uplifted by whatever this initiative might be, the better it will be. That local sensitivity is crucial... You have to have the individuals who are leading and delivering these programmes as closely embedded in those communities as possible... Understanding and experiencing and, most important of all, empathizing with people directly so that when you are involved in managing projects and helping people with environmental work or direct social programmes, whatever it might be, you are not looking down on anyone, you are not looking in from the side, you are looking at the problem through the eyes of the people with whom you are working. And, for me, empathy emerges time after time as what constitutes the determinant of success’. [Jonathon Porritt, public intellectual]

The engendering of a genuine sense of community is also helped by bringing together people who would not normally meet in purposeful activities which have a positive impact on the local environment. As the CF's CEO expressed it:

‘We can bring together a constituency of people that sometimes others would struggle to bring together. There are few organisations that could put quite the kind of groupings of different types of people together in one room that we can, I think, simply because of who we are’. [CEO CF Tyne & Wear and Northumberland]

At the same time, however, not all of these actors are equal. At the heart of this nexus of relationships lie unequivocal asymmetries of power between different types of actor, most obviously between donors and recipients (Cálas et al., 2009). This fits well with the idea of the Big Society, which requires both ‘citizen power’ at the top of the ladder and wide-ranging participation further down (Rowson et al., 2012: 40). Nevertheless, as the CF's CEO recognises, ‘philanthropy is hugely undemocratic’. It is undemocratic not only through the huge disparities in wealth of those involved, but because entrepreneurial philanthropists understandably wish to retain a measure of control over the projects they sponsor. The undemocratic nature of philanthropy also has a bearing on what philanthropy can and should do to renew disadvantaged communities. According to the CF's CEO, the role of philanthropy should not be to substitute for a decent standard of state provision of services, as seemingly advocated by Big Society rhetoric:

‘I'm not naïve enough to think that public provision isn't shrinking and doesn't have to shrink, but I am perturbed by an idea that somehow philanthropy should step in and fill all these gaps. I also don't believe it can. I don't believe there will be enough, ever will be enough philanthropy to do that... The other side of the good things about raising philanthropy and public discourse is kind of getting a sense that “philanthropists can do that, and philanthropists can do this”. Actually, most donors that I speak to are not interested in stepping in where the public purse has shrunk back, that's not what they are in it for’. [CEO CF Tyne & Wear and Northumberland]

What philanthropy *should* do, on the other hand, according to the CEO, is to keep communities ‘*well-oiled and happy*’:

‘It’s to do the extra and it’s to do the things that government can’t and shouldn’t do. And, to do things in ways the government can’t do and to shine a light on things that need doing or things that are unpopular or things that are good and just keep communities well oiled and happy that aren’t necessarily about basic welfare standards’. [CEO CF Tyne & Wear and Northumberland]

Our research confirms this. However, it is also the case that grass-roots, community-based programmes may be able to address unfulfilled social and environmental needs which government agencies, with their expensive and often unwieldy bureaucratic structures, can do far less effectively, and often at a fraction of the cost (Smith and Stevens, 2010). An illustration of this is provided by the Rivers Trust movement mentioned above, now seen as a *cost-effective deliverer* because, like the breakfast club, it uses volunteers:

‘We started off a river trust on the Eden and there was already one started down the West Country, South West and the Wye and Esk. Now, there are about 40 – 50 of these, now becoming looked upon as cost effective deliverers because, again, we are using a lot of volunteers and we can sometimes do jobs for a fraction of the price that Environment Agency do with all the health and safety and stuff’. [LEAF partner]

Discussion and Conclusion

Inequalities of power and status arguably require greater justification at times of economic crisis. But engaging in socially and environmentally innovative philanthropic projects may nevertheless allow entrepreneurial philanthropists to take a small but significant step towards helping to restore social equilibrium and alleviate social ills (Smith and Stevens, 2010). In this way, social innovation by committed entrepreneurial philanthropists can help to constitute *new sites of responsibility*, which in turn can promote social renewal in disadvantaged communities (Gatens and Lloyd, 1999). One CF corporate donor articulates this responsibility very well:

‘My philosophy is that the successful people have got an obligation and successful companies have got an obligation to society. It’s important because that’s what civilisation is about... If we stop doing that then it’s just dog eat dog – it’s not society, it’s a very broken, fragmented thing. We are already there in many ways at the moment with what’s been going on, which I think is very sad. I want to see if I can help push the peanut up the hill and go on helping to try and sort these things out’. [CF corporate donor]

This paper contributes to the literature on social innovation and social entrepreneurship which seeks to integrate theory and empirical practice (Perrini et al., 2010; Shaw and Carter, 2007). By examining social innovation through the lens of our case study of the CF for Tyne & Wear and Northumberland, and focusing attention on the centrality of community embeddedness, this paper sheds light on how the sites and spaces of socially innovative philanthropic ventures may have a bearing on their success (Granovetter, 1985; Steyaert and Katz, 2004). Our study highlights the importance of *community engagement* on the part of social innovators, and the power of *self-organization* by actors committed to the locality (Mumford, 2002; Tapsell and Woods, 2010). The tacit domain-specific knowledge through which they are attuned to the local context (Marshall, 2011) emerges as vital to the success of socially innovative processes in promoting social renewal. Despite the limited scale of the vast majority of projects funded, social innovators working through the CF can help to keep their local communities ‘well-oiled’ by fostering a shared sense of ownership, enhancing individuals’ self-belief and pride in their environment. Smaller, more targeted, precision grants imply larger numbers of recipients, boosting the capacity of social innovators to make a measurable difference to the community as a whole. In this way they may take a small step towards countering the disembedding or ‘lifting out’ of social relationships from their local contexts highlighted by Giddens (1991: 18) and Bauman (2000; 2004), helping them to re-embed in the community. The socially innovative projects promoted by the CF and discussed in this paper do

not necessarily fit within existing, conventional entrepreneurial frameworks. There are likely in future, we suggest, to be more hybrids in social innovation and social entrepreneurship, more rather than fewer organizational frameworks serving as vehicles of social change, as the examples of the breakfast clubs and river trusts imply (Cálas et al., 2009; Dupuis and De Bruin, 2003). Our study also draws attention to the self-conscious use of storytelling by initiated philanthropists, which serves as a powerful proselytizing tool for recruiting new donors, breeding more philanthropy and engagement. This we regard as a topic worthy of further conceptual and empirical research.

The limitations of the present study include the fact that our empirical site embraces a single organization. A comparative study involving several CFs might have generated further insights. Against this, however, the CF for Tyne & Wear and Northumberland was selected purposefully as an ‘extreme case’ (Eisenhardt, 1989; Siggelkow, 2007), being the largest, most significant and best endowed CF outside North America, and a key player in its own right both in the North East of England and further afield, within the Community Foundation Network in which it acts as a thought-leader. Interviews were conducted with relatively few actors, but in the context of a much wider empirical study of entrepreneurial philanthropy. These interviews were also complemented, moreover, by two years of ethnographic observation at all CF board meetings and LEAF committee meetings, broadening and deepening our understanding of the organization and its social mission.

Our study has implications for practitioners. In particular, the power of consciously harnessing the stories of practising philanthropists as a means of getting new donors on board may be of interest to fledgling community foundations. Similarly, while we do not subscribe to the view that philanthropy should be viewed

as a replacement for a decent state provision of key services, nevertheless we suggest that voluntary, self-organized groups may at times provide a cost-effective, efficient means of addressing some of the pressing social and environmental challenges which large government institutions, agencies and businesses do not appear to be able to solve. This may be of interest to proponents of the Big Society.

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