



**CGAP**

Centre for Charitable Giving  
and Philanthropy

# Entrepreneurial Philanthropy: initial research findings

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# Why 'Entrepreneurial Philanthropy'?

Changing socio-economic & political environments combined with the emergence of a global economy and technological advances has encouraged evolving approaches to philanthropy.

Including an emerging phenomena of high net worth individuals, typically entrepreneurs, engaging in the active re-distribution of their wealth: 1<sup>st</sup> time ever more money given philanthropically while still alive.



# Philanthropy, Wealth & Entrepreneurship

- Philanthropy typically stems from 3 key sources: individuals, charities & organisations, some operating through foundations.
- Philanthropy figures are boosted by the contribution of large gifts by wealthy individual donors.
- Multiple stakeholders have vested interests in supporting, encouraging and engaging with philanthropy including entrepreneurial philanthropy: charities, third sector, government, intermediary organisations, wealth advisors: **important contemporary phenomena involving entrepreneurs.**

## Wealth Creation, **Entrepreneurs** & Philanthropy

Many contemporary high net worth individuals are entrepreneurs.

Studies of wealthy households typically find a “tight relationship between being an ‘entrepreneur’ and being rich” (Cagetti and De Nardi, 2006:838).

Wealthiest households are more likely to comprise entrepreneurs than employees: over 80% of the top 1% wealthiest households are classified as entrepreneurs.

Entrepreneurs tend to be richer than non-entrepreneurs (Cagetti and De Nardi, 2006).

Contemporary high net worth entrepreneurs possess **significant** amounts of personal wealth; most of which is self made.

For some, philanthropy is an extension of their entrepreneurial lifecycle (serial and portfolio entrepreneurship).

Recognition of the growing divide between the world's richest & poorest & the need to address root causes of economic & social inequalities.

Liberalisation of governmental social policies

Pre-recession: environment supportive of significant increases in personal wealth.

Rising public debts

**Emerging environment for Entrepreneurial Philanthropy: driving forces**

## Observations on existing research

Outside of the US, little empirical evidence (cf: Schervish, 2003; 2005;).

**Largely absent from the entrepreneurship discourse** (exception: Acs & Desai, 2007) & no references to the ‘entrepreneurial philanthropist’.

Much anecdotal & media interest encouraged by high net worth celebrities and entrepreneurs with celebrity-like status.

Concentration on motivations, influences, typologies & decision making processes have received most attention (Supphellen and Nelson, 2001; Brady et al., 2002 Lloyd, 2004; Gordon forthcoming).

Recognition of link between families, family firms and entrepreneurial philanthropy (Lloyd, 2004; Pharaoh, 2009; Breeze, 2009).



## Observations...

Little theoretical development or contextualisation of research.

Problems with access & samples.

Few critical considerations: impact on entrepreneur? on social change agenda? on recipients (social entrepreneurs & enterprises), beneficiaries, clients?

Typical of an area at an embryonic stage of academic research.



## Our Research Ambitions

Develop theoretical understanding of contemporary entrepreneurial philanthropy.

Consider the relevance of capital and agency theories.

Generate research informed evidence

## Specific Research Tasks

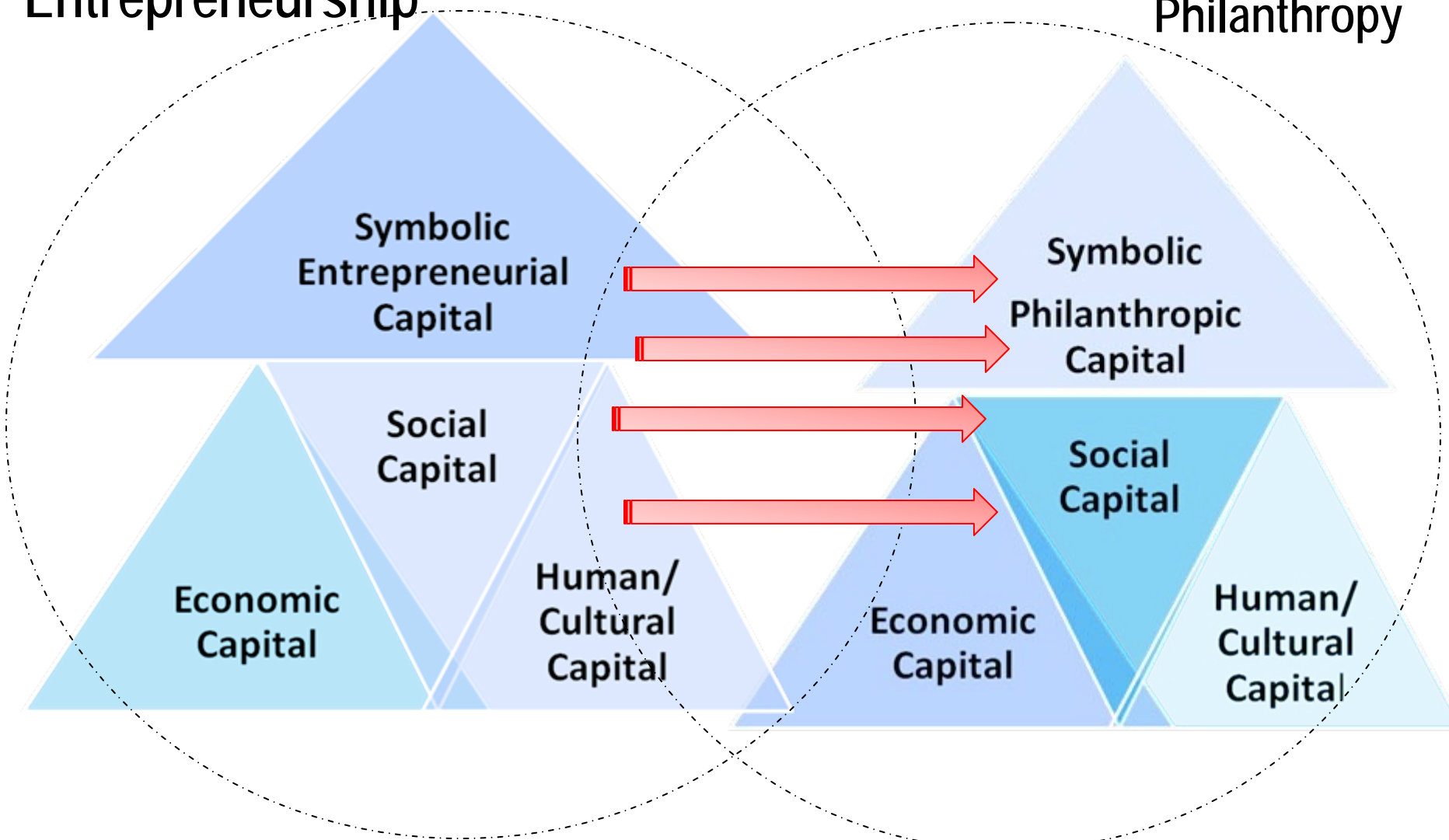
Analysis of the various forms of capital possessed by 100 entrepreneurial philanthropists.

Consider implications for engagement in philanthropy.

Contribute to discourse regarding the nature of entrepreneurship.

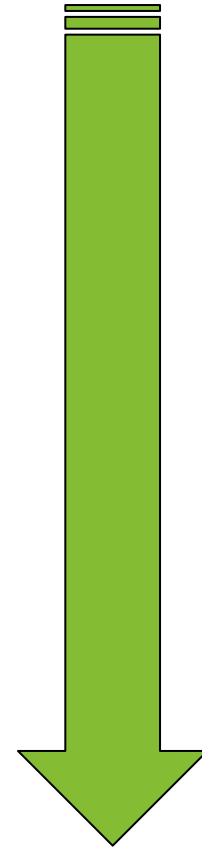
# Entrepreneurship

# Philanthropy



## Research phases

1. Developing a comprehensive database of secondary information regarding high net worth entrepreneurial philanthropists engaged in entrepreneurial philanthropy 2008-11.
2. Collect detailed data regarding all aspects of their entrepreneurial capital, wealth accumulation and wealth redistribution.
3. Analysis of data to explore patterns, clusters, similarities, differences and outliers in entrepreneurial philanthropy in the UK.



<b>Demographics</b>	<b>%</b>
<b>Age</b>	
<46	10
46-65	57
65+	23
<b>Gender</b>	
Male	88
Female	12
<b>Family Background</b>	
Blue Collar	32
White Collar	48
Aristocracy	6

## Economic Capital & Indications of Giving

Redistributed a minimum of £1million + minimum personal wealth £10 million (both 2007).

Analysis of personal wealth (2008): significantly more (£268million).

59% have formal vehicle for philanthropy (foundation) of which 16 were established prior to 2000.

Longest running, established 1972.

## Where they give

Sector	%
Education	51
Young people	37
Science, health & medicine	21
Social welfare	19
Culture & sports	16

# Institutionalised Cultural Capital

<b>Education – highest qualification</b>	<b>%</b>
Undergraduate degree	52
MBA	13
Masters	6
Doctorate	4
<b>Institutions Attended</b>	
Russell Group	25
Ivy League	8



## Experience & Interests

Experience	%
Serial & portfolio entrepreneurship	39
<b>Interests</b>	
Sport	40
Politics	22
Art	22
Culture	19
Country pursuits	14

# Social Capital

Concentrated in fields of **politics** (51 contacts) & **philanthropy** (27 contacts).

Contacts at the top of their respective fields:

- UK political leaders mentioned 24 times.
- Several globally powerful individuals mentioned more than once: Bill Clinton, Nelson Mandela, Kofi Annan, Tony Blair, Archbishop Desmond Tutu.

## Symbolic capital

Type of award	Number
Knighthood	13
Order of the British Empire	13
Command of the British Empire	11
Master of the British Empire	3
Honorary Doctorates	44
Russell Group Fellowships	10
Beacon Prize Winners	3
Business Awards	52
Awards for Philanthropy	8

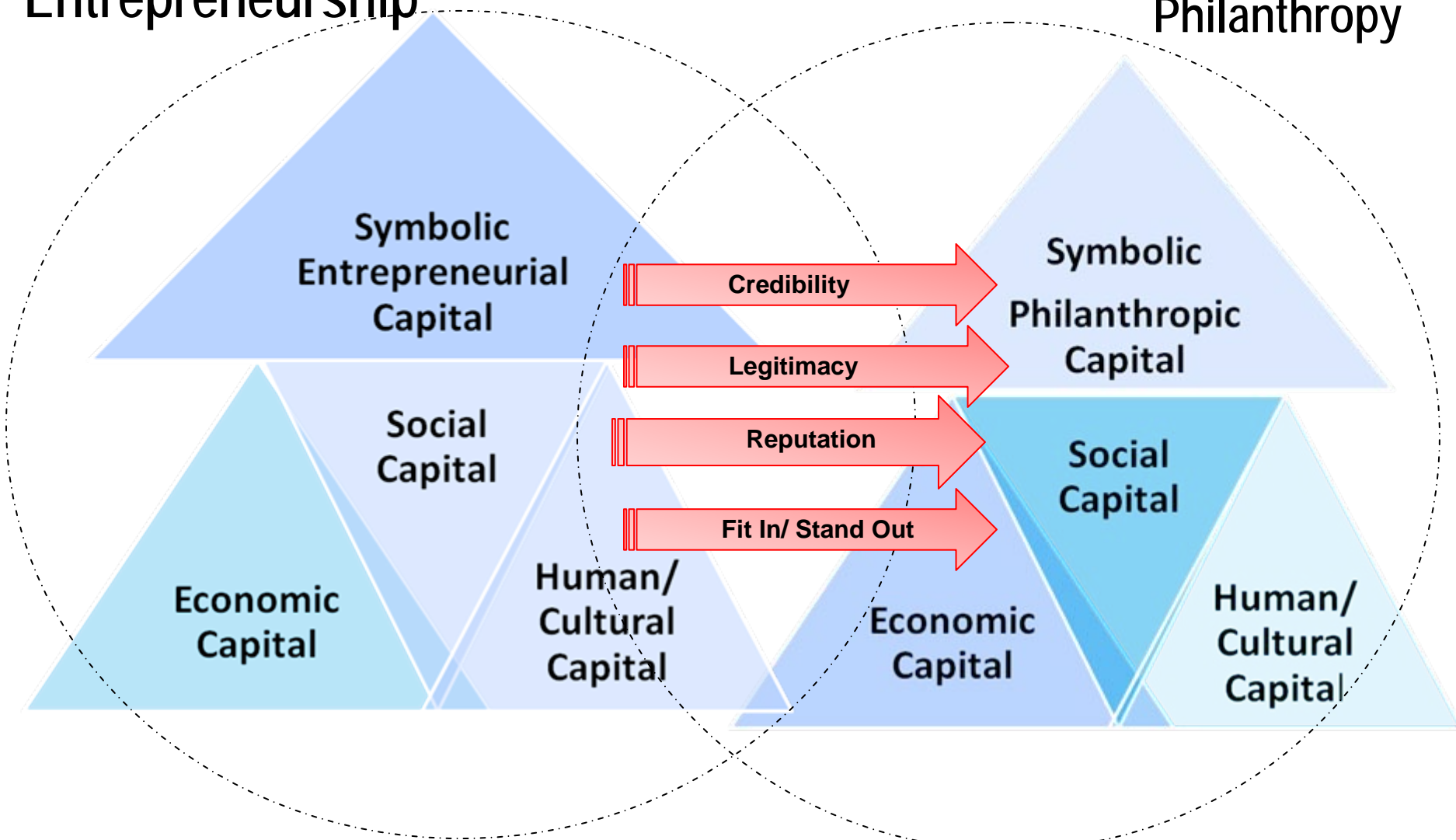
## Implications

Capital & agency theories are relevant theoretical lens for exploring wealthy entrepreneurs' transition into the field of philanthropy.

Wealth may provide means of entry to this field but other forms of capital essential to negotiate access and acquire **legitimacy** and **credibility** while standing out with particular approach to philanthropy.

# Entrepreneurship

# Philanthropy



## Implications ...

Entrepreneurial capital is relevant for entry into the field of contemporary philanthropy.

Insight into interplay and convertibility of various forms of capital e.g. institutionalised cultural capital may have enhance symbolic capital.

Findings contribute to growing discourse concerning nature of entrepreneurship: social animals; redistribute personal wealth.

## Future Research Directions

Explore the *process* by which entrepreneurs enter the field of contemporary philanthropy.

Motivations require more investigation.

Collection of primary data.

Gender lens?