12 The future of philanthropy: the role of entrepreneurs and entrepreneurial philanthropy

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The Big Society: plugging the budget deficit?

As Wells (2011) observes, dominant themes within the coalition agreement (HM Government, 2010) between the Conservative and Liberal Democrat political parties include their commitment to support and encourage philanthropy and to introduce a range of measures to promote charitable giving and philanthropy. Clearly, philanthropy is one act of benevolence that the coalition government has identified as being able to plug, or at least partly cover, the gaping hole that exists within the UK's public purse. While it is recognized that Cameron's vision for a Big Society is somewhat difficult to grasp, leaving it a still rather elusive concept, what is understood is that giving and philanthropy form essential tenets of his view on how to 'make Britain better' (without, of course, spending too much public money). Interestingly, closer scrutiny of both Cameron's 2009 Hugo Young Lecture and subsequent discussions of the coalition government's ideas of what a Big Society should look like, finds that 'social innovation', 'entrepreneurs' and 'entrepreneurship' are largely absent from the Big Society discourse. Instead, there is the impression of a Big Society being realized through powerful community groups, crowds of volunteers and growing numbers of charities, cooperatives and social enterprises working together, collaborating to fill gaps in the state provision of local services, including libraries, community centres, playgroups and sports facilities. Unfortunately, this idea somewhat masks both the reality of the need to significantly reduce the budget deficit – particularly in the face of the very significant impact of issues emanating from the financial crisis and ongoing recession (Smith, 2010)

– and also the requirement for much more than intra-community alliances and partnerships to address the scale, impact and effect of this deficit.

One well-rehearsed criticism of the Big Society is that it is motivated more by saving money than by a genuine commitment to transfer power to the people. Undoubtedly, both parties within the coalition are keen to reduce the involvement of the state in civil society and in the provision of social and public services; equally, however, they are focused on results-based incentives for local authorities and communities and on encouraging preventative spending. This is despite communities and campaign groups suggesting that more, not less, money is required to tackle the UK's deep-rooted social, community, economic, health and related problems, which have been particularly hard hit by the ongoing recession and the effects of the global financial crisis. Going further, some commentators argue that the neo-liberal policies that the coalition government is now very publicly seeking to implement with regard to the provision of public services are the very policies which have encouraged an unequal distribution of wealth and economic power. Harvey (2010) and Krugman (2009), for example, argue that those neo-liberalist ideologies – which for the past 30–40 years have dominated the socioeconomic policies of most developed countries, including the UK – have encouraged the rise of extremely rich individuals, increased income inequalities and encouraged a growing gap between the world's richest and poorest.

Set within this context, a number of interesting and challenging questions concerning the Big Society arise: how can the third sector, including voluntary and charitable organizations, be asked to contribute more with less? How can the coalition government square its neo-liberal policies with the social and political values and traditions of those third-sector, voluntary and community organizations identified by the Big Society discourse as pivotal to the future provision of locally organized, locally available and locally managed public services?

What is the role of entrepreneurs in the Big Society?

Developing the suggestion that the Big Society is Cameron's attempt very clearly to distinguish his Conservative Party from Thatcherist philosophies – which, throughout the 1980s, encouraged low taxation, low public spending, free markets and mass privatization (Bale, 2008) – it can be argued that something else may be at play. So sparse are mentions of entrepreneurship, individualism or innovation for social benefits, that one might be suspicious of their omissions in the language of the Big Society. Is the coalition government, as Bale (ibid) suggests, so keen to distinguish the Conservative Party of the twenty-first century from 1980s' Thatcherism that it has sought to avoid mentioning the very individuals (entrepreneurs) and activities (entrepreneurship) that might indeed help bring about the public sector and community reforms it is proposing?

A number of compelling reasons for including entrepreneurs, entrepreneurship and innovation within the Big Society dialogue can be identified. First, the involvement of wealthy, successful entrepreneurs in philanthropic endeavours, many with large-scale impact, is not new. The authors' earlier article in this publication on 'world-making' and major philanthropy (see Chapter 2) argues that business historians (Chernow, 1998; Harvey *et al*, 2011; Nasaw, 2007) have identified successful and wealthy entrepreneurs such as Andrew Carnegie and J D Rockefeller as having had an enduring impact on philanthropy on a global scale. Second, there is growing evidence of the involvement of contemporary, super-wealthy entrepreneurs in significant acts of philanthropy directed towards addressing persistent social and economic inequalities (Bishop and Green, 2008; Schervish, 2003, 2005, 2008). Indeed, the world's media have focused such attention on the philanthropic activities of well-known entrepreneurs (such as Bill Gates, Warren Buffett, Paul Allen and Pierre Omidyar) as to endow them with celebrity-like status. Third, while recognizing the shortcomings of figures quoted in various published lists of the rich and giving, the figures do provide some indication of both the scale of the wealth possessed by a small number of individuals and the relationship between being wealthy and being an entrepreneur. For example, the 2011 Billionaires List (*Forbes*, 2011) records 1,210 billionaires spread globally with a total net worth of US$4.5 trillion; figures provided by the *Sunday Times* Rich List and Giving Index indicate that many of the UK's wealthiest philanthropists are self-made millionaires, and the lists (*Sunday Times*, 2006, 2007, 2008, 2009, 2010) reveal that, on average, 75 per cent of those included are self-made individuals. Finally, figures for annual giving in the UK highlight the disproportionate contribution which high-net-worth individuals make. The UK Giving 2010 survey of more than 3,000 adults finds that, while the public gifted £10.6 billion to charity (with a median gift per month of £12), an additional £1 billion was made available by the individual gifts made by philanthropists. Considered collectively, there is compelling evidence to suggest that wealthy self-made individuals are already involved in philanthropy; it is therefore surprising that discussions of what a Big Society should look like and who should be prominent within such a society have, so far, failed to explicitly consider the involvement of entrepreneurs who engage in significant philanthropy.

The latter are regarded by the authors of this article as 'entrepreneurial philanthropists', who can be 'distinguished both by a fierce drive to accumulate personal fortunes and by the desire to deploy a significant part of their wealth in pursuit of philanthropic ventures over which they can exercise control' (Harvey *et al*, 2011: 425) – and 'entrepreneurial philanthropy' 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). This emphasis on the *active* involvement of entrepreneurs in the search for opportunities to address economic and social inequalities has significant implications for the types of philanthropy in which wealthy entrepreneurs engage, their approach to philanthropy and the impact of their philanthropy on big agendas for social change – including those suggested by the Big Society dialogue.

The effect of entrepreneurial philanthropy: more than just money?

Considered in this way, the involvement of entrepreneurs in the active redistribution of wealth they have created has implications for philanthropy generally and in the context of the Big Society in particular. The definition of entrepreneurial philanthropy used in our research programme makes clear that, when wealthy entrepreneurs engage in philanthropy, they make use of more than just their money (their economic capital). While large sums of money over which one has control may be the necessary 'entry ticket' for engaging in significant philanthropy, the other forms of capital acquired by entrepreneurs as a consequence of their experiences and successes in entrepreneurship are of equal, possibly greater, significance. Human capital (including experience of developing innovative solutions to complex market dynamics) can be used to help identify socially innovative, sustainable solutions to long-term, deep-rooted social, educational and health-related problems created by poverty. Likewise, the social capital and 'know-who' of entrepreneurs in possession of powerful networks of contacts can be used to leverage additional financial support as well as support in kind. Contemporary examples of this include both the Giving Pledge and the collaboration between Bill Clinton and Sir Tom Hunter in support of sustainable economic development in Rwanda. Finally, entrepreneurs have acquired symbolic or reputational capital for being successful, credible businesspeople able to engage in new venture creation and grow sustainable organizations which provide employment and create wealth. This can be powerful in boosting their presence when they enter the field of philanthropy, helping to identify them as people with whom third sector organizations may wish to collaborate.

It may be – and, indeed, it is likely – that the forms of capital possessed by successful, wealthy entrepreneurs are particularly relevant within a Big Society: not only can entrepreneurial philanthropists provide financing, but their mix of know-how and entrepreneurial credibility is likely to be highly relevant in identifying sustainable social innovations and encouraging partnerships across private, public and third sectors.