Introduction

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This volume is about how and why entrepreneurs who drive success in the for-profit world become engaged in philanthropy. The topic is both simple and yet profound. It requires an understanding of entrepreneurs in their for-profit world and an understanding of the world of philanthropy. It entails an investigation into the motivations that drive entrepreneurs and philanthropists, and the social and political environments that are conducive to their success. In this brief introduction, we offer some preliminary thoughts on and definitions of entrepreneurship and philanthropy in an effort to establish the parameters of this volume, as both phenomena are difficult to define; definitions, in fact, are the subject of much debate in the scholarly literature for both domains. We also describe our independent interests in this topic and its relationship to previous work, as well as how we came together to collaborate on the project. We close with a brief overview of each of the four sections in the volume.

0.1 DEFINITIONS AND DISTINCTIONS

To date, there is relatively little academic research on the intersection of entrepreneurship and philanthropy: the journey by which entrepreneurs become engaged in philanthropy. There is an extensive body of historical research on the careers of wealthy industrialists and when and how they turned their attention to philanthropy, such as the philanthropic philosophies, behaviors and practices of wealthy business barons of the past such as Carnegie, Rockefeller, Ford and Morgan. And there is a significant and growing body of research on the philanthropy and giving patterns of the wealthy. But we differentiate the behaviors and practices of the successful entrepreneur from the larger world of the wealthy. In contrast to the wealthy who generate their wealth by investing in existing enterprises, the entrepreneur-philanthropists discussed in this volume are unique because they have generated their wealth through the creation and development of their own enterprises. As will become clear from many of the chapters of this book, this kind of experience and history are significant to the

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unique journeys of entrepreneurs as they become increasingly engaged in philanthropy.

This volume reflects a relatively early stage in the development of a new stream of research. At this stage in the development of a field, it is not unusual to see some significant variation and even lack of clarity in definitions. To some extent, this variation is reflected in the discussions of this *Handbook*. Given its exploratory nature, this project did not start with precise definitions, and our authors have had the latitude to employ their own definitions. Some have done so more explicitly than others. Thus, it is important to recognize the nuances implicit in the descriptions they offer. Chapter 12's author, Tyler, for example, offers a relatively general definition of entrepreneur: those who 'successfully started and/or grew a business and generated wealth for themselves and/or others'. Similarly, Schervish writes in Chapter 7 of entrepreneurs as 'self-made' people who start with modest means and achieve significant financial success. Somewhat distinctively, Zhao and his colleagues (Chapter 10) define the Chinese entrepreneurs they describe as 'founders and chairpersons of firms' who 'have a great deal of wealth and other resources and are, therefore, better equipped to take on social responsibility and promote its development in Chinese society as a whole'. This is relatively consistent with the orientation of Roza and her European colleagues. In Chapter 9 they describe the entrepreneurs they studied as so highly successful as to be, as described by Harvey et al. (2011: 428) 'world-makers'. In general, the entrepreneurs we describe in this volume are individuals who have successfully assembled the resources necessary to create for-profit organizations that have generated wealth for themselves, and probably also for others.

Of course, entrepreneurs do not cease to be entrepreneurs as they become more actively and fully engaged in philanthropy. In fact, as we try to understand the entrepreneur's journey as a philanthropist, it can be useful to consider the percentage of time the entrepreneur invests in accumulating their wealth versus the percentage of time that the entrepreneur invests in allocating their wealth through their philanthropy, and how this balance changes over time and with age.

When we describe philanthropy, we begin with a general and relatively straightforward definition such as that presented in the *Merriam-Webster Dictionary*: philanthropy is 'the practice of giving money and time to help make life better for other people' (*Merriam-Webster*, 2014). However, for all that has been researched and written about philanthropy (or perhaps because of it), those engaged in this research often define philanthropy differently and more carefully. It is increasingly common to differentiate philanthropy from charity. Charity, to many both in and out of academe, is defined as giving money and time to help others; whereas philanthropy

often is defined as taking a more strategic and systemic approach toward giving money and time in a way that is designed and organized (and evaluated) to address systemic or root causes of societal ills and problems. This is not merely an academic distinction, however. As long ago as 1889, when Andrew Carnegie wrote to advocate that no man should die rich, he admonished the wealthy to be strategic and systematic in their giving lest they simply exacerbate the very problems they hope to resolve. As exemplified in many chapters of this volume, this perspective is explicitly embraced by many entrepreneurs as they decide how they wish to approach philanthropy.

For this reason, readers will find that many of the authors of the chapters in this book take care to distinguish one form of philanthropy from another, although it is important to recognize that different authors employ slightly different definitions. They explain that these label differences are important because they reflect differences among philanthropic entrepreneurs, differences in world-view and values that are integral to the paths and forms of philanthropy that these entrepreneurs are most highly motivated to pursue. Chapter 7 by Schervish, for example, discusses at length several forms of philanthropy, most of which fall in the category he describes as ‘activist approaches’. Chapter 8 by Carson and Stilwell offers insights from their work with entrepreneurs that underscore the significance of the differences that Schervish describes. These entrepreneurs have less interest in (and some even have active disdain for) what many would consider traditional philanthropy, as they pursue the activist approaches such as venture philanthropy, entrepreneurial philanthropy, and more. While they sound similar, these labels reflect differences in the nature and degree of engagement of the entrepreneur-philanthropist. For example:

- Traditional or grant philanthropy usually refers to the approach characterized by the entrepreneur’s investment of only financial capital, usually in the form of grants or financial gifts (Tyler refers to this approach as ‘donative philanthropy’ in his Chapter 12).
- Managerial philanthropy usually refers to the approach characterized by the entrepreneur’s investment of only expertise or intellectual capital (and no money).
- Venture philanthropy usually refers to the approach characterized by the entrepreneur’s investment of both financial and human capital (that is, the entrepreneur invests time advising the recipient organization on certain particular areas in which they have significant expertise).
- Entrepreneurial philanthropy usually refers to the approach characterized by the entrepreneur’s investment of both financial and

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human capital, including direct hands-on and even day-to-day work in the recipient organization.

Similarly but more broadly, Roza and colleagues, in their discussion of the European experience in Chapter 9, use the label 'philanthrepreneurs' to discuss the entrepreneurs of their research. Though unfamiliar, this label has been in some general use since November 2006, when *New York Times* reporter Stephanie Strom used the label to describe the philanthropic endeavors of what she considered a new generation of philanthropists, people such as Pierre Omidyar of eBay, Stephen Case of America Online, and Bill Gates of Microsoft. Interestingly, the people Strom highlighted in her article were not focused only on their non-profit or civil society endeavors, but she described some of them as 'driven to do good and have their profit too' (Strom, 2006).

Roza and colleagues draw on the recent work of Harvey et al. to define a philanthrepreneur as an entrepreneur who pursues big social objectives on a not-for-profit basis through active investment of their economic, cultural, social and symbolic resources (Harvey et al., 2011: 428). Noteworthy with regard to Harvey et al.'s definition is an emphasis on the role of these entrepreneurs as 'world-makers', highly successful entrepreneurs in business who 'want to extend their reach into the realm of the social as a means of personal aggrandizement' (ibid.: 432). It is not necessarily true that all of the philanthropic entrepreneurs discussed in this book are world-makers, although it no doubt is fair to say that essentially all have played defining roles in their fields and industries and, often, in their communities.

It also is important, from a definitional perspective, to take care to avoid assuming that behaviors described as philanthropic are entirely altruistic or focused on helping make life better for other people. This is particularly clear in Chapter 7, where Schervish further refines our understanding by differentiating the philanthropy of entrepreneurs into three general categories:

- Adoption philanthropy, which is philanthropic behavior intended to benefit others whom the philanthropist 'adopts' (such as support or scholarships for family members such as nieces or nephews; this includes practices that are not necessarily philanthropic in the legal sense, yet they benefit others).
- Consumption philanthropy, which is philanthropic behavior intended to accrue personal and family benefits while also benefiting others or the larger community (for example, support for museums, orchestras, and so on).

- Brokering philanthropy, which is philanthropic behavior intended to enable connections and linkages that have benefit to their networks (for example, support for higher education programs that build the capacity of the business community).

Schervish uses these categories to illustrate that the degree to which philanthropy benefits others can vary from entrepreneur to entrepreneur.

Given the young and interdisciplinary nature of this new and unique stream of inquiry, it is not surprising to find that there are so many variations in the ways we define and operationalize our terms and concepts. The authors of the chapters of this *Handbook* have made an effort to be clear in their definitions and explanations, and we encourage you to take care to recognize and appreciate the distinctions they make as you consider how their observations enrich our understanding of the phenomena they describe. We also encourage you to consider how their definitions and explanations help us more fully and effectively grow our understanding of this new field. There is much to be gained from the diversity and richness of their explanations as we continue to learn more about the many ways that entrepreneurs engage in philanthropy.

0.2 COLLABORATION

As scholars and researchers, each of us developed an academic interest in this intersection of philanthropy and entrepreneurship from different perspectives and disciplines. While we have diverse academic backgrounds, representing strategic management, economics, entrepreneurship and philanthropy, we discovered a common interest in the study of entrepreneurs' philanthropy. We found that although the popular press has paid significant attention to the philanthropic contributions that entrepreneurs make to society, there has been little academic work on this important dynamic.

Each of us, in fact, was influenced by the Ewing Marion Kauffman Foundation, a private foundation in Kansas City, Missouri created by Ewing Kauffman, a highly successful entrepreneur in the pharmaceutical industry. Marilyn Taylor first encountered Mr Kauffman early in her career when she was invited to develop a teaching case about a divestment decision within his company, a case that was known internally in the company as 'The Kalo Case' and externally as 'Marion Laboratories, Inc.'¹ This small start led to a long-term academic interest in the divestment process² and in Mr Kauffman's evolution from an entrepreneur who focused on creating jobs and wealth for himself and his 'associates' to a philanthropist with a profound desire to benefit his community.

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Taylor's interest only deepened when she joined the Henry W. Bloch School of Management faculty at the University of Missouri – Kansas City (UMKC), USA in the mid-1990s. Also at UMKC, David Renz was pursuing a long-held academic interest in philanthropy and the management of non-profits from a public affairs and administration perspective. The two found a mutual interest in how entrepreneurs evolve and engage in philanthropy, and a particular interest in Ewing Kauffman and his impact on Kansas City in both his for-profit and non-profit work.

It was this interest that led both Taylor and Renz to collaborate with Robert Strom, an economist and Director of Research and Policy at the Kauffman Foundation. Strom had worked with UMKC for many years and was part of the large-scale effort at the Foundation to establish entrepreneurship as an academic field of study. His support for grants on research related to entrepreneurship from a variety of perspectives has led to a deeper understanding of the phenomenon and the growth of a body of work and field of scholars who continue to pursue the frontiers of knowledge in this domain.

While the three editors had long shared an interest in the topics in this volume, this specific collaboration and the stream of work that follows were inspired by two case studies series, one focusing on Ewing Kauffman and one on Mario Morino, both successful entrepreneurs whose philanthropic contributions on multiple fronts are well known. These successful entrepreneurs were passionate about giving back, both in their own lives and contributions and in urging other entrepreneurs to do the same. The comparison of the experiences of these two men appears in Chapter 13 in this volume, bringing closure to the body of work it inspired.

The work for this case study quickly revealed that there was, as yet, very little systematic investigation into entrepreneurs and their philanthropic engagements. There are, as discussed above, significant and expanding literatures on entrepreneurs, philanthropists and social entrepreneurs. But we wanted to understand the for-profit entrepreneur and varying perspectives on the entrepreneur's engagement in philanthropy. We found others with similar interests, and the possibility of collaboration to expand our understanding of the dynamics of the phenomena became real.

This volume includes academics from multiple disciplines and perspectives. Some have a long history of studying entrepreneurship and had not previously investigated the philanthropic interests of the entrepreneurs who had engaged their interests to that point. Similarly, other authors had long been focused on philanthropic efforts as expressed by non-governmental organizations (NGOs) and non-profits, but had not necessarily paid much systematic attention to the issues underlying entrepreneurship.

We were fortunate to have in our spheres colleagues who had investigated issues that were clearly related to the underlying dynamics of the topic we were interested in: entrepreneurs and how and why they engage in philanthropy. We deliberately excluded social entrepreneurs, not because they are not entrepreneurs, but because there is already a significant literature on this phenomenon. Our preference, rather, was to focus on for-profit entrepreneurs and the various aspects of why and how they emerge on philanthropic scenes.

With the encouragement of the Kauffman Foundation, this set of authors came together in the Fall of 2013 at a conference at the Kauffman Foundation that examined ‘both sides of the coin’. As editors and authors we found commonalities and differences in our perspectives. The energy was palpable and the results exciting as we explored our diverse interests.

0.3 OVERVIEW OF THE SECTIONS AND CHAPTERS

The design of this book was both purposeful and emergent. We wanted to understand the phenomenon at a broad level, but also share the details of personal stories. We wanted to speak to the public interest and legal implications generally, but we also wanted to share multiple perspectives. Our main focus, because of the work each of the three of us has been engaged in throughout our careers, was in the United States.

We begin the volume with chapters that present a broad view of entrepreneurs who engage in philanthropy, discussing the meaning and social benefits of both entrepreneurship and philanthropy, considering the shared traits of the primary actors in these phenomena, suggesting policy guidelines to ensure that both phenomenon continue to flourish and advance our society, and discussing the potential impact of entrepreneurs who engage in philanthropy at the local level.

We knew, however, that the experiences of both entrepreneurship and philanthropy were similar and different across various subsets of our population. Part II of the volume offers a more narrow focus on different groups of entrepreneurs in philanthropy: women, Black Americans, multi-generation family companies, and high-tech entrepreneurs engaged in impact philanthropy. These chapters explore the particular motivations, strategies, challenges and experiences of these subgroups, with the last chapter in this part serving as a case study of high-tech entrepreneurs’ philanthropic activity.

Part III extends an international perspective on the phenomenon, looking at the specific circumstances and social, historical, cultural and political underpinnings of entrepreneurs’ philanthropic activity in

different parts of the globe, from Europe and China to Africa and the US. Case studies in some of these chapters offer an understanding of particular entrepreneurs' journeys to philanthropy in different countries, and guidelines for policy reveal similarities and differences in the climates for entrepreneurship and philanthropy in different parts of the world.

In Part IV, a final chapter offers more in-depth case studies of two American entrepreneurs, considering the similarities and differences in their experiences, the challenges they faced, the influences that drove their behavior, and the strengths that enabled them to succeed in both realms.

We trust that this volume transmits the passion that we feel about the intersection of our domains around the focal issue for this volume. And we trust that you will find the authors' passion for the topic in the various chapters as they share their insights. If this volume generates a similar passion in you to research or practice in that dynamic intersection between the world of the entrepreneur and the world of philanthropy, we will have achieved our purpose.

NOTES

1. See Taylor (1982).
2. This interest led, ultimately, to the publication of *Divesting Business Units* in 1988. See Taylor (1988).

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