Entrepreneurial Philanthropy Partnerships: In Search of Alignment

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Entrepreneurial Philanthropy

An Exploratory Review

Entrepreneurial Philanthropy Partnerships

1 Abstract

The state and the philanthropy sector both serve the public good. The state offers social services, develops social programs and funds projects; the philanthropy sector contributes by contributing knowlegde, time and money. The market, the business community, being the third actor, frequently will not easily see social issues in line with its own interests and -in general- won't create any solutions. In the late 20th century however, a market approach of philanthropy, described here as 'entrepreneurial philanthropy' occurred. It performs under different titles, from 'venture philanthropy' to 'philanthrocapitalism'. This article offers an introduction to the concept of entrepreneurial philanthropy and its features. Where does it come from, where does it stand for and what are the motives behind. For the non-profit organisations there will be a challenge in trusting that entrepreneurial philanthropy will serve them well. Therefore the possible consequences of this business appearance within the philanthropic domain will be considered.

2 Introduction

The American economist Milton Friedman argued that companies have no obligation to charitable causes and should not divert profits to them (Friedman, 1990). But, since the 1990s, an entrepreneurial mindshift has taken place. A new generation of philanthropists has stepped forward: those who prefer to invest rather than to donate. For these, so called philanthropreneurs [1] (PHs) financial gains are linked to philanthropic gains. They involve shaping innovations in business and market mechanisms, addressing major civic and social issues. Their believe in giving back, their personal association with the cause and the symbolic capital attached to this type of investment, seem the main reasons to become involved.

These idiosyncratic businessman intend to fulfil an alternative source of funding , wishing to facilitate a larger cash flow to address wicked problems of the civil society. Although entrepreneurial philanthropy is not an equivalent of business administration, it inherently acts by judgment and faith in the pursuit of long term goals. A PH subsume the traditional motivations for philanthropy, such as a concern for mankind, creation of social capital, and responsibility to give back, into a commercial strategy, which in itself is not without critics.

The question arises whether senior executives of non-profits (SEs) can cope with this output oriented approach. This review explores the concept of entrepreneurial philanthropy as a business activity as well as a personal, reflective process for benevolent human relations. It examines the nature of the phenomenon as a resurgence of engagement as well as its development up to its differentiated appearance. But, firstly philanthropy will be introduced.

3 Philanthropy

Philanthropy is as old as mankind. Philanthropic groups existed in the ancient civilisations of the Middle East, Greece, and Rome. Plato's Academy defined Philanthropia as: *'A state of well-educated habits stemming from love of humanity. A state of being productive of benefit to humans.'* In social history, philanthropy is referred to as 'charity', a term that is still relevant today (Van Leeuwen, 2000). The word derives from the Latin 'caritas', meaning unconditional love. Till the Middle Ages churches and nobility were exclusively involved in philanthropy, but with the rise of cities and the bourgeoisie, wealthy merchants and tradesman also entered the area of *'voluntary action for the public good'* (Payton, 1988). In the 17th century, the emerging upper-class fashion for benevolence, resulted in the incorporation of the first charitable organisations. They all offered help of some kind to the poor, the sick, the elderly, the tramps, the widows and the orphans. Driven by a wide range of motives, from Christian duty to fear (De Swaan, 1988). Philanthropy therefore is in first instance concerned with providing financial help and support to individuals or groups that are having difficulties in meeting basic human needs such as food, care and shelter. 'Modern philanthropy' developed itself up from the 17th century, and differs from 'classic philanthropy' in a way that it goes beyond poor relief, welfare and education. It encompasses a broad spectrum of public causes, including culture, healthcare, research and nature preservation (Schuyt, 2010).

In the period of industrialisation, philanthropic involvement seems to be greater in prosperous times than in economically harsh times (Van de Donk, 2001). Arguably, it is not poverty itself that drives philanthropy but inequality. Wealth provides the means to meet the needs of the poor, but there is - and was - also a political catalyst to persuade the rich to act. While ethical concerns plays a key role, it often comes from pressure from below (Bishop & Green, 2009). In the late 19th century entrepreneurs in the western world involved in philanthropic endeavours received bad press; philanthropy was associated with paternalism, nannying and arbitrary favouritism. Around 1900, roughly half of them offered their employees some form of illness or old-age insurance. However, these schemes were frequently without obligation. It was money spent without anything gained in exchange (Fox Piven & Cloward, 1971). During the Great Depression of the 1920s, much of the charitable work that had been built up in the years before was rejected, resulting in the negative image of entrepreneurs and their companies engaging in philanthropic endeavours lasting till the 20th century.

The 20th century gave rise to the growing influence of democratic parliaments, supported by pressure of the labour movement and the wish to create social rest by the leading elites. These all resulted in the developments of welfare states in western European countries (Mishra, 2000). The 1960s and 70s saw an increasing state intervention, what meant that non-profit organisations became subsidiary to laws, rules and regulations. The government would frequently procure the financial means enabling it to wield influence, rendering organisations in the societal midfield entirely dependent on government financing and making them de facto extension of the government. The period was marked by a decrease in active participation by civilians and companies. The state took on the responsibility for matters relating to poverty, social security, health care and education (Sluyterman, 2012). Philanthropy did not vanish from the scene but it was side-lined by the expansion of the welfare state (Schuyt, 2013). Since the financial limitations of the welfare state have been reached, deregulation and cutbacks in social provision are prompting, entrepreneurs contribute to discussions regarding the nature of philanthropy and the role they could play in the process (Shaw et al., 2013).

Modern philanthropy became more active within the public domain, the bespoke territory of governments and government policies in European welfare states. It is manifested in good deeds toward others; a way to self-development: to live a fulfilling and satisfying life. Among rich benefactors philanthropy became a widespread cultural practice (Bremner, 1994). This demand for philanthropy is a product, at different times, of demographic change; economic transformation or government policy (Bishop & Green, 2009). The variety of philanthropic initiatives, were enabled through the wealth, the entrepreneurial spirit and civic pride. Good citizenship was defined in the industrialised world in the 20th century. As a consequence more business oriented giving occurs, with commitment from both donors and recipients (Sulek, 2010).

4 Golden Age of philanthropy

At the end of the 20th century modern philanthropy has made a come-back around the industrialised world. What factors may explain the ‘revival’ of philanthropy? First there is an financial-economic clarification, with an western world that has ceated an enormous wealth, even though it exhibits wide disparities of wealth between rich and poor. The babyboomers have become wealthy, and they are about to transfer their capital to the next generation. Growing wealth, in general, is an important prerequisite for philanthropy (Giving USA, 2013). Economists at the Boston College Center on Wealth and Philanthropy have worked out how much capital will be transferred between generations in the USA in the next fifty years. The lowest estimate is 41 trillion dollar; the highest is 136 trillion dollar (Havens & Schervish, 2003). They also anticipate that the testators will have enough sense not to leave everything to their successors or to the state: in many cases their children are already well-off and the tax benefits and other advantages of donating to ‘good causes’ are plentiful (Havens & Schervish, 1999).

In The Netherlands it was estimated to grow from 5,000 bequests in 2009 with a total value of 496 million euro to a cumulative transfer of assets to charities to 2059 worth 86 billion Euro (Bekkers, 2013). In addition a demographic explanation might explain these changes. On both sides of the Atlantic there is a rapidly growing number of elderly people, having a smaller family than 50 years ago. This implies fewer people will share in the near future a relative bigger amout of wealth, and coming of age itself also increases the spirit of giving. Age turns out to be an important predictor for giving behaviour (Giving in The Netherlands 2013; Midlarsky & Kahana 1994). A third explanation may be a socio-cultural one. Triggered by higher educational levels and feelings of self-reliance, there is a certain positive awareness to contribute to make improvements in civil society, what can be related to a sense of interdependency in the more connected globalized world. This development creates new forms of ‘global citizen’, moving from geographic to network communities, in which philanthropy is inextricably part of (Schuyt, Bekkers & Smit, 2010).

Both in Europe and in the USA, there are signs that the philanthropic sector has undergone a quit revolution with a new type of donor that has a more contemporary approach to giving. The ideal combination of the increased wealth and the ageing population may lead to more, more substantial and different type of donations from the living and significant more bequests from those who passed away. For the first time in history, a growing group of people have more money than they want to leave to the next generation. This may explain the phrase: 'The Golden Age of Philanthropy' (Havens & Schervish 2006) in which the supply-side expansion in wealth will be accompanied by a demand-side surge resulting from growing social need. The demand for philanthropy is the product of demographic change, economic transformation and government policy. All this suggests that the money flowing to non-profit organisations will quite possibly rise as a share of the economy. They may benefit in this Golden Age, to an unprecedented extent.

5 Business gets across philanthropy

The 1980s marked a turning point from an economic point of view, with entrepreneurs becoming more aware of their obligations and social responsibility seeing a boom. They are no longer content to justify their giving on the basis that they will receive a general, unspecified benefit from a grateful society at some time in the future. They view their giving as a form of investment, and they require a concrete, measurable return from their philanthropic activity (John, 2006). This development, combined with the deconstruction of the welfare state, was coupled with a growing demand for public services to be carried out by the philanthropic sector. Allowing more market mechanisms and competition - combined with the primacy of politics - gave rise to the current 'state vs. market' mindset. However, following the free market euphoria of the nineties, the first decade of the 21st century has brought to light the darker side of the corporate approach and the privatization of social security. This development has, in part, impelled the business community to recognise the classical values of corporate and free market ethical standards (Trevino & Brown, 2004).

In the meantime it occurred a shift has taken place in society regarding the core objectives of the welfare state: from protection and compensation to participation, empowerment and independence (Schuyt, 2013). Even more services and competences currently still funded and executed in the public domain, are slowly being relinquished to the market, where the allocation of these resources is to become increasingly important (Anheier, 2005). Invariably, a distinction is made between fundraising (or financing) and the achievement of their objectives. In recent generations, philanthropy has become significantly more sophisticated than was previously the case, as a whole industry of financial advisors developed and non-profits worked more intentionally with donors and prospective donors to make the most of their philanthropic giving. All innovations add up to what Paul Schervish (Boston College Center on Wealth and Philanthropy) calls the 'new physics of today's philanthropy', incorporating not just money but also motives and the decision-making process on the part of businesses. He sees more commitment from entrepreneurs, to social goals and the non-profits that shape and achieve them. The result is a more commercial kind of giving, which taps into a long history of innovation, change and institutional transformation that has defined the culture of entrepreneurial thinking (Schervish, 2002).

Bugg-Levine & Emerson (2011) state that usage of market concepts within the existing philanthropic approaches may offer an alternative to carry out beneficial activities for 'unprofitable' elements in society. Entrepreneurs should be able to contribute substantially to charity due to the size of their companies and financial prowess. Issues such as venture philanthropy [2] and impact investing [3], were put on the agenda of the philanthropy sector, combined with a plea for a heightened sense of awareness of the necessity of a revitalised civil society. These topics, however, don't constitute a coherent, easily defined operating model or strategic approach for non-profit organisations. They are a statement of a more purpose-, result- and responsibility driven viewpoint that incorporates a various set of axioms with the ambition to increasing the capacity, scale and social impact of the resources of both non-profit organisations and social enterprises. So far it has shown that it includes a high engagement relationship, with a strategic funding choices based on research and evidence building. The appearance of venture philanthropy and impact investing represents a programmatic rather than a single-project approach with predefined objectives and a constant focus on quantifiable results (Hummels, 2009). The provision of capital can be seen as the beginning rather than the end of the story. This really implies a new approach, different from agendas of current philanthropy, state policies and the market actors that are seen as driven in excess by short-term objectives and visions (McGregor-Lowndes & O'Halloran, 2010).

Benefits are to be gained by managing impact and integrating it into the organisational strategy, intending to help to make better social, environmental and economic decisions. In doing so, impact measurement gives the ability to engage with stake-holders to attract investments and improve the way of doing business (Gibbon & Dey, 2011). Herewith non-profit organisations appear in a dynamic force field, emanating from the various entrepreneurial stakeholders (John, 2007). In conjunction with a more efficient state, it would be able to bring about the economic impetus necessary to guarantee a robust free market. A state retreating from the public domain requires a high level of social capital within society (Etzioni, 1990). In that scenario, entrepreneurial philanthropy seems less depending on whether a problem is public or private, social or commercial, economic or political. Rather, designs consider the ability to reach the previously unreachable, raise funds from untapped sources and leverage social networks, all conditions that fuel new markets for solving societal problems. The civil society might be able to contribute to a rebirth of the market (Bekkers, 2013).

6 Entrepreneurial motivations

Before we can demarcate the philanthropreneur (PH) with his aim to increase the philanthropic impact of a non-profit organisation, there is a need first to determine a definition of the entrepreneur. This in itself is a difficult task as there is yet not a generally accepted one. Being an entrepreneur can be associated with starting a business, but this is a very loose application of a term that has a rich history and a much more significant meaning. The term came to be used by Joseph Schumpeter in the 1930s, to identify venturesome individuals who stimulated economic progress by finding new and better ways of doing things; entrepreneurs create value (Schumpeter, 1934). Among the many definitions engaged in this area, Stevenson defined it as *'An entrepreneur always searches for change, responds to it, and exploits it as an opportunity'* (Stevenson, 1985). Herewith, priority is given upon how an opportunity can be identified, the process of executing to an opportunity, managing the resources, controlling the network, and the way in which the partners are rewarded. Key to this entrepreneurial behaviour lies in achievement motivation (McClelland, 1961). The need to achieve is a drive to excel, to achieve a goal in relation to a set of standards. In that respect entrepreneurs will act and think in a rational way, with selfish interest as the basis for either their economic and/or philanthropic action. By accomplishing these selfish interests, they will exhibit their highest principles and values (Avolio & Locke 2002).

The critical distinction between the entrepreneur and philanthropreneur may lay in their value attribution. For the entrepreneur, the value attribution is organised to serve markets that can afford their product or service, and is thus designed to create financial profit. The expectation is that the entrepreneur will derive personal financial gains. Profit is essential to business sustainability and the means to its ultimate end in the form of large-scale market adoption (Dimov, 2007). The PH, however, harnesses entrepreneurship skills to do social good. The PHs' value attribution targets an underserved, neglected and disadvantaged population that lacks the financial means, network or knowledge to achieve a transformative benefit on its own. This does not mean they will shun their profit-making value propositions. They can be understood as concerned businessman who target the suffering of a segment of humanity and who's aim is to create a new stable balance that secures more permanent impact for the civil society at large (Schwab & Hartigan, 2007).

The motivations of entrepreneurial philanthropy can be affected by internal or external sources, and therefore the balance can vary, depending on the set of barriers and motivators established. Internal sources are primarily ideological and can have a negative or positive effect on giving behaviour. External sources include the dynamics of various social groups, experiences from the interaction of these groups, social and political processes, economic changes and philanthropic messages. The comparison in Figure 2.1 is based on learnings from: 'Entrepreneurs & Philanthropy: Investing in the Future' (Ernst & Young & The Fidelity Charitable Gift Fund, 2010) and 'Snapshot: Trends and Strategies to Engage Employees in Greater Giving' (America's Charities, 2014), with the 'Hierarchy of Needs Theory' (Maslow, 1943). According to humanist psychologist Abraham Maslow, human actions are directed toward goal attainment in order achieve certain needs. Any given behaviour could satisfy several functions. This hierarchy suggests that people are motivated to fulfil basic needs before moving on to other, more advanced needs. The findings observed in the research are compared with the Maslow Pyramid and lead to the following preliminary motivations of entrepreneurial philanthropy.

Self-actualisation personal growth and development	Believe in 'giving back' as an individual mission and the ambition to incorporate it in the organisational culture
Esteem needs need to feel of value and what one does is meaningful	Desire for prestige and recognition (and involvement) from staff, clients and other stakeholders
Social needs desire to belong and to be loved	Concern to solve effectively wicked problems in civil society
Safety needs physical and emotional safety	Personal association with the cause and involvement with (local) non-profit
Physiological needs food, water, shelter, etc	Commercial and tax benefits

Figure 2.1 *Motivations of entrepreneurial philanthropy*

The motivations of entrepreneurial philanthropy are always personal and defy easy generalisation. However, philanthropy seems tied to one's social-psychological process of personal identification. It has shown that not the absence of self that motivates charitable investing but the presence of self-identification with others (Schervish, Coutsoukis & Havens, 1998). A person's social networks, identification with the cause, and association in the affected community, are more important factors in determining the level of giving, than the amount of capital available. Schervish et al. has found that 'Entrepreneurial donors contribute the most of their charitable dollars to causes from whose services they directly benefit. The largest portion of charitable investing and volunteering takes place in one's own community. It is not by coincidence that schools, health and arts organisations, and (especially) churches attract so much giving.'

The basis for the PH is in large part a function of the mix and intensity of the network of formal and informal associations both within and beyond one's community. These communities provide 'symbolic capital' that accumulates from the fulfilment of social obligations which seems embedded with the potential prestige of entrepreneurial philanthropy (Porter & Kramer, 2002).

Much as with the accumulation of financial capital, symbolic capital is rational, it can be converted into leveraging advantage within social spheres (Mauss, 2006). Yet unlike financial capital, symbolic capital is not boundless, and its value may be limited or magnified by the historical context in which it was accumulated. Symbolic capital gains value at the cross-section of class and status, where one must not only possess but be able to appropriate objects with a perceived or concrete sense of value (Bourdieu, 1984). For the PH, the symbolic capital may be indicated by reputation, networks, prestige, honours and the perceptions of others. A distinguishing feature of symbolic capital is that, for the most part, it cannot be purchased or given. Rather symbolic forms of capital are intangible and can provide them with power and influence which, in turn, can attract others in possession of similar amounts and types of symbolic capital as well as those who wish to be associated. If there is no symbolic capital, it will be near impossible to gain access to networks or convince potential non-profits of the benefits of the purchase (Shaw et al., 2010). Entrepreneurial philanthropy seems changing, to embrace the broader aspects of engagement and may provide opportunities to learn about, interact, and connect with non-profits.

7 Entrepreneurial philanthropy

From a civil society point of view, entrepreneurial philanthropy can be characterised as a capitalistic approach to resolving matters within the philanthropic domain. It makes non-profits moving from input to output focus, therefore their strategic framing is moving from grants towards more targeted investment. Their scale of intervention will be broadened to become more working at levels of start-up enterprise and market stimulation (Oehri et al. 2014). It would be a mistake to suppose that implementing commercial principles would be detrimental from the outset. And yet, given its relative early stage and the capital available, the entrepreneurial philanthropy landscape is likely to evolve in the coming years. The potential to leverage the philanthropic (risk) capital is considerable, but probably becomes far more when economies of scale and the timely sharing of learning for continuous improvement are achieved. It seems that the degree of path dependency, the mechanism that connects the past and the future in an abstract way, appears to be limited and driven by mindsets and mental models, which are often difficult to counteract its effects upon analysis and decision making processes (Vergne & Durand, 2010). The reason for this choice of wording is that although the expected positive feedback effects of entrepreneurial philanthropy may come with increasing financial and social returns, they need not. Such effects are also possible with decreasing returns, which is not to be confused with negative feedback. Even with decreasing returns, there may still be an increase of entrepreneurial philanthropy as an business activity. The diversity and complexity associated seems increasing and the final results are depending on the way both PHs and SEs will respond to this 21st century concept of philanthropy.

In Figure 2.2 (elaborated on a concept of the European Venture Philanthropy Association, 2010) provides an insight of the organisational structure and the interactional positioning of entrepreneurial philanthropy.

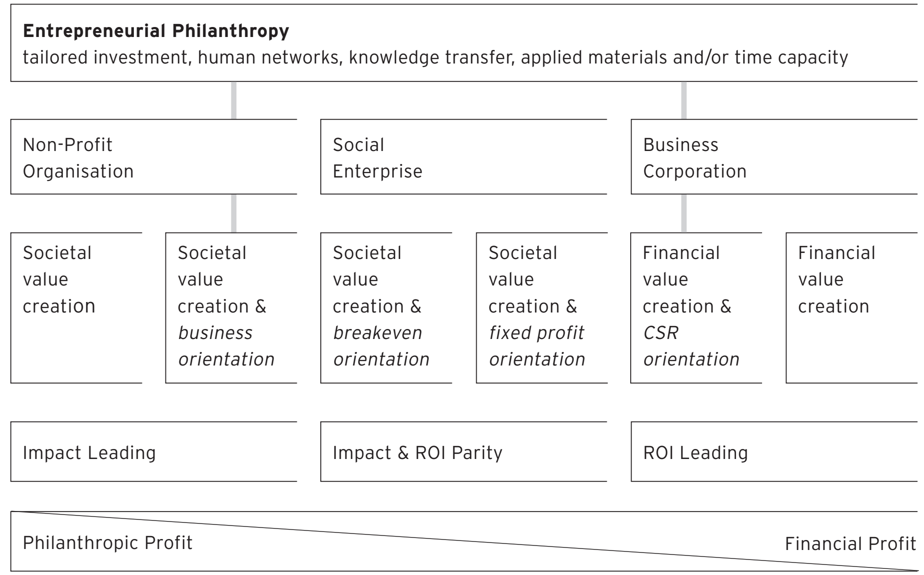

Figure 2.2 *Interactional positioning of entrepreneurial philanthropy*

An organisation that is primarily dependent on donations, grants or sponsorship is a non-profit organisation rather than a social enterprise or traditional company. Non-profits are organisations whose objective is not to achieve 'positive outcomes' through offering services, but rather have been created for social, cultural, educational or philanthropic purposes (Bailin, 2003). They are financed by funds from members, clients, benefactors or by private funds (Herremans & Mentink, 2009). PHs see themselves as concerned and active investors applying their capital, know-how, goods, social network, time and reputation to non-profit organisations, that will promise societal rates in return. They are, in other words, powerful social actors engaged in the business of world making which is conceived, following Creed et al. as 'the embedded ways in which agents relate to and shape systems of meaning and mobilise collective action to change social arrangements' (Creed, Scully and Austin 2002). In recognising that power is also fundamental to

philanthropy, it's a small step towards understanding the true nature of entrepreneurial philanthropy, as a process through which successful entrepreneurs use their influence to acquire more, extend their political and societal influence, and increase their ability to frame society according to their own ideas. What may characterise the most successful entrepreneurs is their in-depth knowledge of organisational processes, and their ability to learn and to be flexible, which require them to take opportunities without exactly knowing what the possible result will be (Cope, 2005).
The business approach of entrepreneurs in the civil society, accumulated with the motivational drivers, characterise the concept of entrepreneurial philanthropy.

	Entrepreneurial Philanthropy
Supporting	Non-profit organisations (including foundations & charities)
Mission	Solve wicked problems of civil society at their root causes
Proposition	To what cause I do feel connected with, and do I want to help effectively
Period	3 – 5 years
Assets	Tailored financing plus access to network, knowledge, materials, effort & time
ROI	Financial gains on a not-for-profit basis (Return On Investment)
SROI	Measurable philanthropic impact (Societal Return On Investment)
SCROI	Personal reputation, recognition & prestige (Symbolic Capital ROI)
Attitude	Business risk taking
Engagement	Hands-on and control
Disbursement	Emphasis on capacity (project, program and/or overhead)
Capital risk	Philanthropreneur

Figure 2.3 *Factors that drive Entrepreneurial Philanthropy*

Based on the factors mentioned in Figure 2.3, the concept of entrepreneurial philanthropy can exploratory be defined as: *The search by philanthropreneurs to solve societal problems, by increasing the measured philanthropic impact of connected non-profit organisations, through a tailored investment of their business assets, acquiring, on a not-for-profit basis (symbolic) capital*. The emphasis lies on how an philanthropic opportunity can be recognised and how the involvement (money, know-how, time, social network, reputation and prestige) of the entrepreneur and his company can be used for a measured improvement. It provides a blend of performance based financial and professional services to non-profit organisations, which may help them to expand their treasured philanthropic change. Also the amount of prestige, the symbolic capital, a PH receives from investing in non-profit organisations will play a role within the set of motivations.
As a method it wants to envision a society in which justice, sustainability and a sense of community are in fact commonplace.
This definition of entrepreneurial philanthropy resonates with the definitions recently used to describe entrepreneurs who bring to philanthropy more than just money: Venture Philanthropy (Letts, Ryan & Grossman, 1997), Impact Investing (Bugg-Levine & Emerson 2011), Strategic Philanthropy (Sandfort, 2008), Enterprising Philanthropy (Dees, 2008), Marketised Philanthropy (Nickel & Eikenberry, 2009), Social Venturing Entrepreneurship (Kievit, 2011) and philanthrocapitalism (Bishop & Green, 2009). Although the phenomenon of entrepreneurial philanthropy is not without critics (Jenkins, 2011 and Nickel & Eikenberry, 2009), it could evolve in coming years, to be an emerging player with the challenge of offering innovative financial solutions. Non-profit organisations are increasingly interested in this approach as a complementary tool in their philanthropy toolbox, but seems also to recognise a lack of internal capacity, particularly the appropriate skills to operate on the same level (Moody, 2008). It seems vital that they learn to speak the entrepreneurial lingo and reorganise their organisations accordingly.

8 When different worlds meet

Gerry Jenkins's 'Who's Afraid of Philanthrocapitalism?' (2011) suggests the birth of a new generation of PHs. Contrary to their predecessors, whose work centred on charity and generosity, this new generation appears to have a stronger business persuasion, which may result in a more result-driven approach to the classical institution of charity (Moody, 2008). The third sector and its acting organisations respond accordingly, they manage their philanthropic projects more professionally than they have previously and particular attention is paid to the impact on the mid to long term in addition to short-term gains (Kievit, 2011). The process of transition from a donor or grant-distributing model to a business-based model takes time and is an inward-looking process, where non-profits and their leadership chart the desired direction and judge what their impact would be and how to measure it properly (Van der Heyden, Van der Rijt, 2004). Criteria such as profitability and actual, quantifiable impact are maintained as stringent requirement for the granting of support. It entails applying predetermined standards to invested philanthropic capital, with a client setting requirements and projects run by non-profit organisations evaluated according to effectiveness and efficiency.

An unrehearsed side effect of this type of philanthropy is the development of adequate impact-measurement instruments for traditionally 'soft' sectors, which has come into the limelight (Bishop & Green, 2009). The attention to impact studies of the various civil society projects is key to every PH (Nicholls, 2009). This results in the creation of an independent kind of non-profit market economy, which determines what ideas are viable and which are not (Letts & Ryan, 2003). On the demand side, we have the non-profit organisations. Despite their familiarity with donations, grants and sponsoring, up to this point they have not encountered benefactors who have attached many conditions to their funds and certainly have never required them to pay back the money – with or without interest.

It is expected that non-profit organisations will need to develop certain strategic navigation skills in order to seamlessly align the interests and considerations of the PHs with the course they have set out to achieve their own goals. A proper understanding of the corporate mindset on long-term development issues seems key. However, as in any case where money is the lingua franca, it is only a matter of time until social and economic disaster strikes (De Swaan, 2008; Achterhuis, 2010).

All projects run by non-profit organisations, are intended to bring about change in society. This change depends on the impact of the interaction between the values and interests of people and organisations (Dekker & Burger, 2001). Although this is a time-consuming process, it does eventually enhance the necessary understanding between the relevant stakeholders, resulting in a greater chance of success. The differing interests and opinions concerning this business approach may easily result in conflicting views and may be a source of strategic confusion within non-profit organisations (Hummels, 2009). This seems why the quality and depth of the relationships with these stakeholders is one of the most critical success factors for its future growth (Mouwen, 2004; Rubin, 2009). The motivations range from moral obligation to new notions of public accountability, or even to shareholder value.

9 Conclusion and discussion

Entrepreneurial philanthropy imposes a robust business approach that can be a culture shock to non-profits (Moody, 2008). The internal capabilities required to achieve this transformation may be only moderately existing or lacking fully in the non-profit organisation at the outset. The inclusion of more entrepreneurial strategies in their portfolio, may raise cultural, organisational as well as economic concerns. An honest judgement of the actual situation to identify strengths to leverage and barriers to overcome before adopting the concept of entrepreneurial philanthropy, is a necessary condition in deciding if it is fitting and deciding where to start. Critics point to principles of the commercial sector such as return on investment and measurable outcomes that lack applicability to non-profit organisations. Consequently, there is a risk these non-profit organisations may no longer focus primarily on their societal mission, but become susceptible to the investments, and corresponding demands of the PH (Peredo & Maclean, 2006). Numerous philanthropy grantees interviewed by Moody report supporter attitudes, ranging from confidence to arrogance in vowing to 'fix' what they deem 'dysfunctional' (Moody, 2008). This perceived dysfunction often include the non-profit organisational culture and approach to management. Letts and Ryan propose that the most effective funders regularly engage a non-profit's executive leadership and board in the process of discussing substantive performance (Letts & Ryan, 2003). This inclusive engagement helps to empower boards to be more effective in assessing, monitoring, and supporting accountability. To bridge the knowledge and cultural gap between SEs and PHs, it cites some of the challenges for non-profits in trusting that business processes will serve them well. Further research is needed to explore the ideal match between SEs and PHs and to describe potential frictions that may occur. It promises to be a complex, but stimulating next step.

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