

VU Research Portal

Entrepreneurial Philanthropy Partnerships: In Search of Alignment

Rath, J.H.

2019

document version

Publisher's PDF, also known as Version of record

[Link to publication in VU Research Portal](#)

citation for published version (APA)

Rath, J. H. (2019). *Entrepreneurial Philanthropy Partnerships: In Search of Alignment: Essays on connecting the worlds of for-profit and non-profit.*

General rights

Copyright and moral rights for the publications made accessible in the public portal are retained by the authors and/or other copyright owners and it is a condition of accessing publications that users recognise and abide by the legal requirements associated with these rights.

- Users may download and print one copy of any publication from the public portal for the purpose of private study or research.
- You may not further distribute the material or use it for any profit-making activity or commercial gain
- You may freely distribute the URL identifying the publication in the public portal ?

Take down policy

If you believe that this document breaches copyright please contact us providing details, and we will remove access to the work immediately and investigate your claim.

E-mail address:

vuresearchportal.ub@vu.nl

4

From Philanthropy to Partnerships

The concept of Entrepreneurial
Philanthropy Alignment

Entrepreneurial Philanthropy
Partnerships

1 Abstract

Entrepreneurial philanthropy gives the impression of being a paradox because personal gains and societal benefits are generally seen as opposing forces, what particularly will become clear when philanthropreneurs emerge in the non-profit sector. It is suggested, this charitable giving with venture bent may affect an alignment of both worlds. What will happen; a culture clash or a smooth transition? On what issues a partnership is easy to reach, and what are causes for concern? To answer these questions, a literature study has been carried out to construct a preliminary theoretical framework of entrepreneurial philanthropy alignment. In this paper this framework has been tested among seven Dutch senior executives of non-profit organisations and five philanthropreneurs. A series of semi-structured interviews were held to explore the indicators that could determine the degree of their alignment. These indicators are grouped in three domains: (1) leadership, the linking path; (2) strategy, the guiding path; and (3) culture, the driving path. The outcome gave insights to modify and upgrade the theoretical framework, and provides support to study alignment more extensive in a subsequent survey.

2 Introduction

The level of dynamic turmoil in civil society force non-profit organisations to respond in an appropriate and timely fashion to the concept of entrepreneurial philanthropy. The development of these partnerships play an important role in the adaptation process, through its identification and interpretation of methods drawn from philanthropreneurs (PHs), who claim a transposition of their business model into the charitable sector (Dietlin, 2009). It seems to require more than linking individuals to organisations; it requires building partnerships that will add value to the civil society. Non-profits which are open to partner with PHs seem to develop innovative systems to exploit the power of market forces for greater good, but there is also a critical examination of its funding method persisting (Edwards, 2010). So far, the rhetoric seems ahead of the work. Social change might happen when senior executives (SEs) of non-profits go outside their walls and find innovative ways to enlist the help of PHs. When the two engage, they find each other in a joint aspiration to change the world and to eliminate societal problems at their root causes, although there seems a difference in each other's roadmap (Bronfman & Solomon, 2010). The idealism seems grounded in the level of alignment maturity. The article aims to expand the existing knowledge about which are important domains and indicators that may influences alignment between SEs and PHs, therefore a Theoretical framework of entrepreneurial philanthropy alignment was tested for the first time. A series of twelve semi-structured, exploratory interviews with SEs and PHs were held to gain a better insight in the possible sources of prejudice when they want to partner up. The results were used to adjust and improve a preliminary theoretical framework.

3 Enterprising non-profit organisations

During the late 20th century one of the debates in philanthropy was about its relationship with the market and the state, which both give the appearance of being obscured (Lewis, 1999). Government pretends to be gridlocked, disabled or captured by special interests and give the idea of being a rigid and ineffective tool to address market failures (Mintzberg & Azevedo, 2012). However, there should not be an overestimation of the promising but still modest role assigned to philanthropy (Schuyt, 2012). The market implies disposed to devastating crashes and seems to producing a widening inequality. The last decade has seen the rise and fall of many topics – political systems, social issues, business governance – but perhaps the most transformative issue seems the philanthropic sector itself, which is not about giving money but about solving problems (Brest & Harvey, 2010). This development has given rise to new philanthropists, who approach the discipline in a contrasting way. Bishop & Green (2008) highlighted this in their book *Philanthrocapitalism: How Giving Can Save the World; 'The new philanthropists believe they are improving philanthropy, equipping it to tackle the new set of problems facing today's changing world. They think they can do a better job than their predecessors.'* Herewith, another neologism has been added to the lexicon of non-profit organisations and businesses: 'entrepreneurial philanthropy', which applies an entrepreneurial mindset in delivering non-profit programs efficiently and at scale (Rath & Schuyt, 2014). The emphasis on operating standards, measuring impact more closely, pushing for scale, performance metrics and digital networks has created the sense that non-profits will reach an inflection point that may fundamentally shift the way how funds are raised and spent (Connolly, 2011). The process of transition from the traditional grant distributing or fundraising model to a more business based model takes time and is an inward looking process, where non-profits chart the desired direction and evaluate what their impact would look like and how to measure it (Young, 2002). Numerous philanthropy grantees interviewed by Moody

report supporter attitudes, ranging from confidence to arrogance in vowing to 'fix' what they deem 'dysfunctional' (Moody, 2008).

At non-profit organisations, a concern has been noticed about this increasing focus on commercialisation in which self-interest, consumerism, and profit-motive are dominating the ways how they should improve the common good and build civil society (Eikenberry, 2009). One of the main criticisms brought forth against the integration of commercial principles and activities can be described as the diversion from the original mission (Eikenberry & Kluver, 2004). As a result, non-profit practices become understood through and legitimised by the discourse of business, relegating the unique characteristics of the non-profits to a secondary role. While some entrepreneurs may enhance the general welfare, through their business activities, others, driven by market competition, introduce damaging effects (Baumol & Strom, 2014). Further, structural organisational changes are also seen as a potential negative impact of the enhanced commercial activity among non-profits, which ignores the need of non-profit organisations to fulfil their social missions within a market economy (Dees & Anderson, 2003). Professional non-profits will constantly struggle with the extent to which they are to emphasise their role as efficient and competitive economic actors (Brainard & Siplon, 2004).

The tension between the financial imperatives of the market and the pursuit of a social mission can be seen as an existential feature of contemporary non-profit organisations, what relates to knowledge of the way things are and the nature of reality. Issues such as organisational culture, professional and organisational identity, decision-making, collaboration, leadership, meanings of work, power, and socialisation can be understood in more depth and with increased complexity when taking into account how each must be constituted through organising practices that

must simultaneously address both market and social concerns (Sanders, 2012). The construction and diffusion are depending on opinion leaders who strategically defined, legitimated, and advocated entrepreneurial philanthropy. The fit with existing culture and institutionalisation via networks are also important, while benchmarks, data and metrics can be useful in auditing and accounting for performance management. None of them can replace experience, judgment, values, trust, and continuous feedback from non-profits as decision-making guides yet (Buteau et al., 2009). Criteria such as profitability and actual, quantifiable impact are maintained as stringent requirement for their financial participation, also including the development of adequate impact-measurement instruments for traditionally 'soft' sectors (Clark et al., 2015). These trends coincides with the rise of a generation of PHs who believe giving back as their individual mission, using capital accrued by themselves and motivated by esteem needs like a desire for prestige and a recognition from peers and institutions (Shaw et al., 2013).

The different mindsets of both attitudes (non-profits adopting business principles and entrepreneurs adopting non-profit principles) and personal motivations employ multiple intelligences, encompassing logical, emotional, and creative abilities. Implementation difficulties with the business vs non-profit culture clash are among factors forcing evolution of the field (Moody, 2008). The way forward requires holding these perspectives in balance and productive tension (Emmerson, 2003). Philanthropy seems marked by a history of innovation, guided by people who are not just capable of understanding complexity, but welcome it to foster greater creativity and impact (Crutchfield & McLeod Grant, 2007). The dynamic energy between the SE and the PH comprises alignment that can unlock a new potential to employ commercial forces for societal good.

4 Exploring alignment

A theoretical framework of entrepreneurial philanthropy alignment is about identifying indicators that build alignment between giving (PH) and receiving (SE). The methodological assumptions relate to sensitizing the concept that plays a role in the process of alignment, and is assessing what can be learned from the 'real' world (Jabareen, 2009, Gray, 2004). The American sociologist Herbert Blumer introduced the term sensitizing concept to address objects of investigation that produce accurate evidence of chosen phenomena (Blumer, 1956). One of the sources of sensitizing is exploration, what involves new concepts and develops nuanced interpretations. Exploration refers to concepts provided by experts or insiders, although they are not necessarily well fitted to the actual empirical situation (Faulkner, 2009). Nonetheless, because these methodological assumptions are integrated within management cultures, they may become powerful meanings to construct a theoretical framework which is focussing on the imaginable domains that may drive the concept of entrepreneurial philanthropy (Rath & Schuyt, 2014), combined with a selection from the Index of Key Performance Indicators (Parmenter, 2010). Figure 4.1 identifies a set of indicators which may be relevant when the two worlds want to establish an aligned partnership.

The framework describes different interdependent paths, moving from a central domain of Leadership involved. Partnerships and leadership are strongly related, and an understanding in the way collaborative approaches may provide value, seems an essential element to acknowledge the alignment process (Van Riel, 2012). Given the lack of traditional hierarchy in partnerships, the appropriate focus assumes to be on informal, servant leadership (Burkhardt & Spears, 2000). The specified characteristic Attributes is considered relevant to an effective approach, and its indicators highlighted as the most pertinent include background and career, personal core values, and vision (Austin, 2000). The shared ambition in civil society defines who in the partnership gives what, who

gets what, and when those deliveries and receipts will take place (Shaw et al., 2013). Entrepreneurial philanthropy delivers values, including economic benefits, social recognition, social interactions, and delivery on (symbolic) capital returns (Austin et al., 2006). The 'chemistry' between leaders, an unconscious decision informed by a blend of criteria, is in the alignment process of entrepreneurial philanthropy generally considered being the catalyst (Rath & Schuyt, 2014).

Domain	Leadership	
Indicators	1 Click and background	
	2 Personal core values	
	3 Mission & vision	
	4 Prestige in civil society	
	5 (Symbolic) capital/returns	
Domain	Strategy	
Indicators	6 Distribution of responsibilities	
	7 (Social) return on investment	
	8 Acceptance risk taking concept	
	9 Transparent budget control	
	10 Moral compass	
	11 Knowledge of tailored financing	
	12 Linking network, effort & time	
	13 Working with exit strategies	
	14 Balancing of reward & bonus terms	
	15 Regulation stakeholder relationship	
	Domain	Culture
	Indicators	16 Management style
		17 Change readiness
		18 Employee engagement
		19 Learning capacity
20 Knowledge sharing		
21 Understanding of SE by PH		
22 Understanding of PH by SE		
23 Protocol rigidity		
24 Organisational structure & identity		
25 Social/political trusting environment		

Figure 4.1 Indicators of a theoretical framework of entrepreneurial philanthropy alignment

The top domain of the framework emphasises that leadership should be accomplished to carry out alignment. The defined indicators related to returns and governance both focus on energy, eliminate redundancy, and define the capabilities which provide competitive advantage to the aimed partnership (Clark et al., 2015). The venture bent of tailored financing, risk taking and exit strategies may result in an explanatory discussion to create a common understanding between partners (Moody, 2008). From traditional cost-benefit analysis and social accounting, (societal) return on investment suggest a participative approach that may be able to capture in monetised form the value of a wide range of outcomes (Young, 2002). When in the strategy an alignment has been reached, it become possible to improve performance results and gain a competitive advantage (Porter & Kramer, 2002). The indicators of culture play a crucial role in ensuring the stakeholder relationships are publicly accountable and perform well (Chait et al., 2011). The challenge of dealing with multiple interests and the resulting conflicts is recognised and should be addressed in a variety of ways, taking into account the distribution of responsibilities, the moral compass and transparent budget control (Renz, 2004). A broad base of participation is feasible and the governance is more decentralised.

The bottom domain of the framework emphasis culture indicators, that guide people in organising the concept of entre-preneurial philanthropy, and their communication behaviours which will represent the values and practices to others. The quote '*culture eats strategy for breakfast*' of Peter Drucker (1909 - 2005) indicates the organisations' alignment success or failure seems determined less by their strategy than by the indicators of leadership and culture as well as the behaviour of people who work there (O'Brien, et al., 2014). Nonetheless, partnerships need a social and political trusting environment leading to a collaborative process of creating shared awareness and a clear understanding

of different individuals' perspectives and varied interests (Jamali & Keshishian, 2009). The demonstrated management style could shift constantly, in response to external and internal changes. Trying to assess organisational culture is complicated by this dynamism, but it opens the possibility that culture can be managed as a continuous process and highlights a stable goal may never be reached (Mohr & Spekman, 1994). The culture of partnerships will always be learning and understanding each other, and to be effective, protocols with formal and informal characteristics suits alignment best (Papke, 2013).

This article accentuates the theory of method for conducting further research on entrepreneurial philanthropy and is expected to deliver insights about the distinctive indicators of the framework. From a theoretical perspective it seems alignment implies a potential for growth towards an optimal maturity of the partnership, whereas decisions are fundamentally based on a mix of leadership, culture and strategy (Powell, 1992). The concept of entrepreneurial philanthropy is still in its nascence yet, therefore a theoretical framework is qualitative researched in The Netherlands among SEs and PHs, who are actively involved in one (or more) cross sector partnerships.

5 Methodology

The objective in this article is to evaluate a theoretical framework of alignment between entrepreneurs and non-profit organisations to select the most important indicators when SEs and PHs want to develop a strategic partnership. It should be essentially a sorting process, to identify and confirm theoretically coherent indicators or delete theoretically incoherent indicators, ensuring a framework demonstrates content adequacy (Schriesheim et al., 1993). The assumption is these selected indicators will influence the development of alignment maturity and a proper understanding may facilitate future partnerships. Both SEs and PHs involved in the study have and can articulate results of a process for measuring alignment performance. Accordingly, a qualitative approach will accomplish the overall aim to get a better insight and a deeper understanding of all indicators being investigated (Gummesson, 2000). It is an approach that has enabled the research question to be answered by providing a rich picture on not only statistically meaningful results, but also on the actual conditions (Easterby-Smith, et al., 2002). As Bell (2010) showed, qualitative research is distinguished as a highly-contextual approach where data are gathered in natural real life settings from a subjective point of view which can explore unusual, and as yet unseen, depths within phenomena. This approach can capture the complexity and dynamics of alignment to understand more about why and how a certain prejudice occur when an SE meets a PH.

Given the objective of this research, a non-probability sampling strategy has been adopted, using judgmental and referral techniques which enables to select and study actual experiences with entrepreneurial philanthropy that could serve the purpose of the study. Both methods are useful under certain conditions, particularly when the research objective seeks an in-depth investigation of a small population or when the researcher is performing a preliminary, exploratory study (Christopoulos & Vogl, 2015). The techniques were utilised in the selection of interview

participants to ensure that they are appropriate opinion leaders with well-developed views on the research topic. Judgmental sampling is selected, based on the knowledge of the participant, the purpose of the study and the judgment of the researcher. The interviewees are selected because of their specific characteristics. By studying deviant cases, a better understanding of more regular characteristics of behaviour might be found. Judgmental sampling can be useful to reach a targeted sample quickly and where sampling for proportionality is not the main concern. The referral technique is well-suited for purposive sampling (Bell, 2010). The technique uses a small pool of initial informants to nominate, through their social networks, other participants who meet the eligibility criteria and could potentially contribute to the study. Also, this convenient type of sampling is often used to involve hard-to-reach participants or if there is a need to choose participants that are well-informed (Heckathorn, 2011). The researcher can approach the new participant referring to the name of the nominator to increase the credibility.

The technique used to collect data here are a series of semi-structured interviews, which summarise indicators identified in a coding template on a scale of importance, and organise it in a meaningful manner (Seidman, 2013). A template approach involves coding the text so the indicators of a theoretical framework can be assembled to complete the validating process. It is useful for exploring relationships and trends in the data which may help to explain its meanings, and for comparing the perspectives of both the PH as well as the SE. Once all interviews were held, the first step of the analysis is to begin reading through the data, marking any segments that appear to tell something of relevance to the research objective. This template served as the basis for the interpretation of the data set to refine the indicators make sure all aspects were covered.

Because of the explorative character of the research, the attempt is to determine if a framework theoretically being observed will be confirmed by experts or users of entrepreneurial philanthropy, so it systemises the groundwork for future research. To guide the interviews, the method of data collection was based around three domains; (1) Leadership, (2) Strategy and (3) Culture, but participants were also allowed to lead the discussion. Given the purpose of the interview, the sample size did not have to be large since 'the validity, meaningfulness, and insights generated from qualitative inquiry have more to do with the information-richness of the cases selected and the observational/analytical capabilities of the researcher than with sample size' (Patton, 2002). The semi-structured, exploratory interviews (Data 4.1) were conducted in February 2015 with seven SEs serving on non-profit organisations and five PHs, all across The Netherlands (Data 4.2). They were held at a time and place convenient to the respondent, ranged in length from fifty to ninety minutes and were electronically recorded. All data has been made anonymous and confidences are respected.

By using a semi-structured interview protocol, based on open-ended questions combined with more exploratory questions, there was a dialogue with the interviewees (Legard, Keegan & Ward, 2003). A guideline was developed in order to ensure consistency across interviews and the inclusion of all topics of interest. Personal views on the domains Leadership, Strategy and Culture, in respect to entrepreneurial philanthropy, were covered consequently. The collection and content analysis of all interview data for this paper provided a structured multiple informant design which accentuate the central tenets of validation of a theoretical framework of entrepreneurial philanthropy alignment and was used concomitantly as a guide to select the most relevant indicators for the development of the conceptual framework.

6 Results

Domain: Leadership

Indicators: *click, background and personal core values*

Despite the broad variety of the participants, the preponderance of their personality, motivations, values and careers, learn there is consistency. All interviewees stressed the critical role of personal leadership values in decision-making and subsequent behaviour when creating strategic alliances. *'Chemistry is vital, but it's not as important as a partnership of similar goals, based on mutual values, understanding and experiences. I feel that if two people are compatible, the partnership can be long lasting and effective', SE4.* The causal link between a need for achievement and ownership implies propensity for risk-taking, and could be related to core values (need for achievement, independence, and leadership) of either the PH or the SE (Tucker, 1988). The majority of the executive directors emphasise the influence they have on the performance of their non-profit and their ambition to stimulate societal change. They realise that they should share power in order to be stronger forces for good. They claim often be viewed by others in a leadership role model, and the (in- and external) stakeholders pursue if their behaviour is consistent with the organisation espoused core values and philosophy. *'The leadership helps to shape the culture, what in turn shapes the leadership. They both drive the performance', PH4.*

Indicators: *mission & vision, (symbolic) capital/returns*

Most interviewees set the cultural context of the process within which the non-profits strive for excellence and improve the strategic effectiveness of their mission. Their leadership has not only significant organisational effects, but also when they want to develop an alliance with a PH. Generally speaking, one of the most complex responsibilities seems leading such a partnership. All interviewed SEs are focusing on executing their mission more effectively, but not all of them are adapting the development of entrepreneurial philanthropy. Several informants recounted an insightful approach that when they do make attempts to share and

use this alternative way of financing, their organisation find it rather difficult. Take the seemingly obvious notion of sharing entrepreneurial philanthropy practices of other organisations. Identifying these practices usually goes reasonably well, but when it comes to transferring and using the knowledge, the interviewees said that non-profit organisations often flounders. Also the unfamiliarity with the business approach of PHs when they seek ways to create societal value, much leads to resistance. *'You can also anticipate by understanding that what seems like resistance is actually unfamiliarity. This contrast means that current practices can be adjusted and new methods acquired in pursuit of philanthropic opportunities that have not been before', SE2.* However, motivated PHs and SEs have valued both 'giving' and 'receiving' as critical to improvement.

Indicator: *prestige in civil society*

The commitment necessary for a sustainable partnership must be nurtured up -at many levels- close in the day-to-day behaviour, and as noted by several interviewees, for that to happen there need to be a managerial change by those involved. The wanted change might be accomplished through the executive's implementation of the unique vision of the non-profit through powerful persuasive personal characteristics and actions designed to change both the organisational culture and strategy. Therefore, they must be skilled in foundational change management processes if they want to act as agents of change, and motivate others to incorporate entrepreneurial philanthropy, what also can create some elements of personal power and prestige among the actors.

Domain: Strategy

Indicators: *knowledge of tailored financing, working with exit strategies*

Non-profit organisations are dynamic systems and, like all other systems, they function best when their strategic objective of 'mission first and last' is designed to work effectively (De Vita et al.,

2001). The interviewed SEs have all developed diversified sources of financial support, including large individual donor bases, government contracts, corporate donations, and foundation grants. Changes in sources of support should be aligned to fit the existing system - or should modify the system, to adopt the aimed change. *'After discussions with entrepreneurs, I do realise the perception of money is different for everyone', SE7.* The interviews learned that traditional sources of funding and organisational capacities to realise the societal mission have not always kept pace, and the search for effective alternatives is bringing SEs and PHs together. All interviewees find it difficult to compose teams with the right mix of financial and social skills but they are open to create an organisational culture of support, and provide training to enhance the skills and knowledge to meet expectations. It has been noted that without adequate knowledge about entrepreneurial philanthropy, a strategic partnership between the PH and the SE lacks flexibility and may suffer.

Indicators: *acceptance of risk taking concept, (social) return on investment*

In an effort to create a supportive culture, it is a general opinion among the interviewees, middle management should be involved in organisational strategic alignment from the start and secure the resources to help ensuring the partnership. The indicators; acceptance of risk taking concepts and (social) return on investment, are guiding forces, where sharing realistic objectives appears to be the condition to enable a successful cooperation, since it can fail easily because of misjudgement of the attached risks and worst case scenarios. *'Some see risks as merely potential losses that have to be avoided, while in reality there is a difference between tolerating risks, fully accepting them, or even wishing for them to occur to enjoy entrepreneurship', PH1.* With a misalignment between the SE and the PH as effect, because in this context the relation is either too financial or too social. The true measure of

success is in its execution, when the incremental or distinctive societal change has been realised. Whatever the indicators are (output and/or outcome), for the respondents they must be deemed useful and convincing to the relevant stakeholders, to garner the internal support necessary for the measured impact.

Indicators: *linking network, effort & time*

It is a common experience, when the partnership gets significantly out of balance it can erode the dominant benefit provider's motivation to continue investing in the partnership or tempt it to exercise undue influence over the recipient partner, a concern also cited in resource dependency theory (Eikenberry & Kluver, 2004). Although this view has conventionally focused on the actions of the individual, clarity of expectations about the deliverables from each stakeholder appears to be important, several times it has been noted that non-profits are not ready yet to deal with entrepreneurial philanthropy. In addition to providing them with programmatic guidance, clarity will also foster mutual accountability and motivates execution responsibility.

Indicators: *regulation stakeholder relationship, balancing of reward & bonus terms*

Governance can be seen as a decision process grounded in the assumption that non-profit organisations will cause desired results by choosing appropriate courses of action (Renz, 2004). Effective governance can therefore provide strategic leadership and direction to the success of entrepreneurial philanthropy and to the sustainability as well as the long-term impact of a non-profit operating in today's complex and competitive world (Chait et al., 2011). In the interviews, the SEs experienced with entrepreneurial philanthropy have a more explicit recognition of stakeholder self-interest which isn't generally qualified as positive. From this perspective the reward and bonus programs are not accepted as a

method of motivating staff, to change for example work habits and key behaviours to implement entrepreneurial philanthropy.

Indicator: *distribution of responsibilities*

The interviewed PHs cultivate their business approach to engaging feedback from all stakeholders on different issues like for example the measured impact, and try to build a constructive dialogue.

Because most interviewees regard these relationships are the critical factor when leading change, to ignore them is likely to lead to a dissatisfied partnership and an unsatisfactory outcome. *'The most frequently perceived conflict I see is between responsibilities and transparency in procedure, on one hand, and effectiveness and efficiency as performance indicators on the other', PH5.*

From an interpretive perspective, there seem to be an increasing focus on how the staff of non-profit organisations interpret and construct meaning about how to adopt new ways of funding -like entrepreneurial philanthropy- in their organisations.

Indicator: *moral compass*

All interviewees stressed a well-defined moral compass enables them to learn about the distribution of responsibilities and how they can best align the interests of entrepreneurial philanthropy, by understanding the value of its relationships and the resources and services provided. *'It's important to have a strong moral code and to guide yourself in an honourable, honest and sincere manner. Integrity is priceless', SE1.* Nevertheless there are serious concerns at the respondents of non-profits about the nature and reliability of the spirit of the age that allow businesses to develop significant, largely unaccounted for, and with unchecked societal externalities. Organisational alignment will cut across different functions, boundaries and across silos of working and this is where stakeholder engagement will lead to better outcomes.

Indicator: *transparent budget control*

Many times it has been said a transparent budget control is necessary as the widespread availability of relevant, reliable information about performance, financial position, and governance will feed the general confidence in the partnership. Transparency works as a trust-building tool, the more accountable and transparent entrepreneurial philanthropy is organised, the more trustworthy it will be viewed by the organisations involved and by the donors (Bekkers et al., 2010). It has been noted that various partnerships were confronted with difficult challenges in managing conflict and power. It therefore was essential to have processes to embrace conflict and to self-reflectively engage with the implications of disagreement in an ongoing and creative way that sustained the cooperation rather than immobilising it. Consensus decision making was to be strived for entrepreneurial philanthropy decisions and consensus was concluding that there was overall support for the decision being made.

Domain: *Culture*

Indicators: *organisational structure & identity, management style*

One of the distinguishing features the interviewed SEs acknowledged is that they have a bureaucratic structure, without being strictly centralised. They have, due to the course of their activities, rigid and tight procedures, policies and constraints, and reacts with stringent controls as well as some reluctance to adapt or change (Leene & Schuyt, 2008). As proposed by most respondents, slowness in decision making is part of a non-profit organisation, and hands-on management techniques apply at most levels. Micromanagement seems common, and the staff look to their supervisor for decisions about their work and assignment.

Indicator: *change readiness*

The intermediate levels of non-profits frequently can regard corporate culture as requiring only nominal consideration and support (Bryson, 2011). Starting a partnership involves a

management style, which is the use of non-coercive and symbolic influence to direct and coordinates the activities of the members of an organised group toward the accomplishment of objectives (Chen, 2003). In the interviews it was commonly said when the concept of entrepreneurial philanthropy want to be implemented, there tend to be a need for a more 'transformational' type of leadership, because it enacts the behaviours and attributes that focusses on intangible qualities such as vision, shared values, and ideas to build new alliances. It was said these PHs are distinguished by their ability to bring about innovation and helping the staff of the non-profit to look at opportunities in new ways, encouraging them to question the status quo. Therefore, trustworthiness in management behaviour seems a major issue in current non-profit management and forms the foundation for functioning co-operation. *'In the beginning there was a widespread distrust about the sincerity of my philanthropic intentions. This attitude has disturbed me and it also made me reminiscent whether I was the right person with the right approach for the non-profit', PH3.* Feelings of insecurity affect the level of trust and may be a reason for atmosphere related problems both between the SE and the PHs as well as the staff engagement within the non-profit itself. Similarly, others elaborated on the guiding role that culture takes affords when a non-profit want to partner with a PH.

Indicators: *social/political trusting environment, employee engagement*

Interviewees have in general the experience initiatives cannot be fruitful without the organisations are fully committed. Engagement reflects strong and authentic values, with clear evidence of trust based on mutual respect and can be a two-way exchange of effort between management and staff as the key to improving partnerships. *'I created a positive culture where people are cooperative and take their responsibility – even between departments that don't historically work well together. This encouraged new partnerships', SE3.* How leaders manage their staff can substantially affect

engagement levels in the workplace, in turn directly influencing the non-profits impact. Some interviewees use every opportunity, touch point, and communication channel to reinforce and recognize the organisation's change readiness to employee engagement. It has been noted if there are ways to start building a positive and supportive environment prior to the change, there becomes a great head start on the change implementation.

Indicators: *understanding of SE by PH, understanding of PH by SE*

Partnerships are inherently complex vehicles for the delivery of practical solutions on the ground and at a strategic level (Jamali & Keshishian, 2009). In recent years, non-profits are increasingly forming (business) partnerships across sectors to accomplish philanthropic missions and provide societal services for people in need (Googins & Rochlin, 2000). Despite the definition of entrepreneurial philanthropy, when asking about it, most interviewees also gather corporate philanthropy, major donors, venture philanthropy and impact investing under de same roof. The words were used interchangeably, without a profound knowledge of the differences, however there is a general enthusiasm for charity with a more venture bent. The SEs stress they have to develop more skills about mobilising committed staff and creating effective knowledge within their organisation, in order to deal positively with entrepreneurial philanthropy. *'Changing a culture is tough. Not only does it mean change - which has always been tough - it means seeing our world in a more entrepreneurial perspective. It means revealing hidden values like the acceptance that knowledge is power', SE5.* Also, the PHs realise they have to learn more about difference in myths and realities of the non-profit organisations, to make the co-operation rewarding.

Indicators: *learning capacity, knowledge sharing*

Interviewees generally state that a healthy partnership promotes an atmosphere of learning to effectively reflect on both developmental successes and failures. *'Our professional skills do not only guide our*

decisions, I think they should also be communicated to others to help them in their understanding to make a better decision', SE6. If an alliance is going to succeed in the area of communication, strong feedback loops seems required. Effective communication at all levels with stakeholders, sharing all knowledge and information, needs to exist and implies a major risk to the organisations' brand and reputation. For the non-profit, reputation is closely tied to visibility, not just by the good work they do, but by the public recognition they get for doing so. The strategic partnership helps to get the word out about the organisation is important not just for the branding effort of a non-profit organisation, but also for all volunteers in the field who feel a part of something big and important.

Indicator: *protocol rigidity*

A common theme among critical success factors include balancing requirements and flexibility within the structure and operation of the partnership. It is recognised that developing a stable foundation to allowing flexibility for these components, will evolve positive responses to external and internal demands. Also should there be an understanding that alliances go through a lifecycle of development, from initial set-up stages through full-scale implementation to maturity. *'Managing relationships is not about being right. Things normally tends to go different than planned. The minute you work with a nonprofit there are going to be misunderstandings. You need to monitor them, and you need to be generous from time to time. This will win you a lot of goodwill that will pay off in the long run', PH2. Knowing that culture is important in shaping organisational practice and performance in non-profits is one thing. But a subsequent issue is the extent to which PHs and SEs can shape or influence the culture is mentioned several times during the interviews. It has been noted that the key to establish and maintain successful partnerships is to find a way to share the strengths of all stakeholders involved.*

7 Conceptual framework of entrepreneurial philanthropy alignment

The challenge of a theoretical framework of entrepreneurial philanthropy lies in the construction of an conceptual framework that identifies all indicators of the domains leadership, strategy and culture in an effort to establish a phenomenological coherence (Anheier, 2000). The conducted pilot test has theoretical value, therefore in the analysis of each defined indicator expresses the particular attitude and behaviour of the respondents. The frequency of statements pertaining to each indicator and its cause to favour were interpreted and measured. The outcome of the twelve interviews are valued in an ordinal scale as; less important (1), average important (2) or most important (3). The results presented in Appendices, Table 4.1 demonstrates the Mean of each indicator and learns more about the contextualisation of the issue within the concept of entrepreneurial philanthropy alignment.

To develop and confirm an explanation for the observed data, statistical inference is used to assess evidence about which of the indicators are the most important and should be selected for the conceptual framework. The method of inference used to support or reject indicators, are known as tests of significance. The null hypothesis assumes there is no significant difference between the means. Therefore the estimate of variance of the different indicators should be the same as the estimate of the population variance within the indicators. The One-way ANOVA is used to determine whether there are significant differences in the mean of each of the indicators. The findings in Table 4.1 and 4.2 learn all Means differ statistically significant from each other, so there is a significant diversity among the theoretically selected indicators, what rejects the null hypothesis. These findings don't give an understanding which of the 25 indicators are the most important yet. To formulate a conceptual framework based on the existing small sample size, the Student's t-Test is selected, which is a probability distribution that can be used to determine if two sets of indicators are significantly different from each other. The results

in Table 4.4 learns there are no significant differences in the ascending means, what makes it crucial to detect the significance turning point in the list of indicators.

The 'Rule of Thumb' is an application of traditional methods or methods based on past experiences. These methods are often unscientific, but do provide practical instructions for accomplishing a certain task (Belle, van, 2008). Rule of thumb is applied in this paper to make independent observations within the list of indicators. The observations in the research are noted as; less important (1), average important (2) or most important (3), and therefore 'average important' is valued as median. The median is a measure of central tendency in which the values are ranked relative to each other, but is not measured absolutely. However, the research objective is to identifying the most important indicators that will stimulate alignment between giving (PH) and receiving (non-profit). Therefore as rule of thumb the indicators with a mean of > 2,5 (up from indicator 10 / Table 4.2) are selected to be the factor to compare them on their significant difference. The Student's t-Test learns there is a turning point at indicator #16. The indicators #1 up to and including #16 are not significant (Table 4.5), and therefore selected to build a conceptual framework with. The indicators #17 - #25 are excluded from the framework. Consistent with these results, the hypothesised theoretically-derived indicators of a theoretical entrepreneurial philanthropy framework of alignment, were redefined.

Guided by the analysis, the initial 25 indicators were derived deductively to 15. The interviews further provide support for the hypothesis which assumes positive interactions between the triumvirate: Leadership (characteristic: attributes), Strategy (characteristics: metrics & governance) and Culture (characteristics: organisation & communication). The importance of leadership is among all interviewees unmistakably dominant. They

recognise strong -servant- leadership as the unifying and encouraging factor to implement entrepreneurial philanthropy and as the *conditio sine qua non* for the alignment process. Therefore Leadership is identified as the linking path between the two other domains. Strategy (what needs to be done) appears the guiding path that defines objectives and activities to achieve the partnership, whereas Culture (how things should be done) is regard to be the driving path with a clear understanding of each other's contribution. The analysis leads to the validation of a theoretical framework and gives input to construct a conceptual framework of entrepreneurial philanthropy alignment (Figure 4.2).

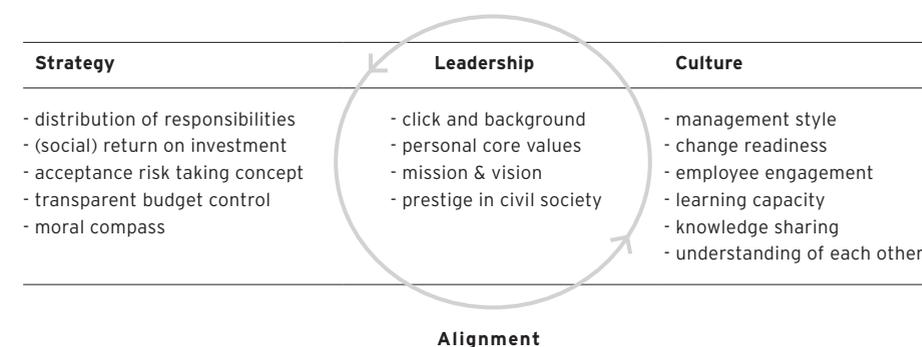


Figure 4.2 Conceptual framework of entrepreneurial philanthropy alignment

This conceptual framework will be subject of further quantitative research, to examine the potential sources of friction, when an PH and SE want to establish a partnership.

8 Conclusion and discussion

The pilot was to collect qualitative data and covered 12 semi-structured interviews with experts and users of entrepreneurial philanthropy. Systematic analysis of these observations gives an indication which of the indicators may influence the alignment maturity between SEs and PHs. It was suggested that a theoretical framework of entrepreneurial philanthropy alignment can be demanded as a step towards an operational conceptual framework, which contains a selection of 15 indicators. Consequently, the main focus of the research agenda is to propose a new approach for the quantitative assessment of entrepreneurial philanthropy and to illustrate this approach by evaluating a commonly-used management scales. The developed conceptual framework may provide a distinctive route for both SEs and PHs to categorise alignment and to examine methodically their possible evolution. The framework builds on the relevancy of Leadership and present an advanced configuration of Strategy and Culture dynamics to redefine the prior theoretical framework. Alignment between SEs and PHs is an important and expanding phenomenon that merits further study. There is a need for quantitative research for its discriminant and convergent validity, to create an empirical database with the critical language differences of such alignments. This will deepen the understanding of entrepreneurial philanthropy dynamics, particularly it's drivers and enablers. Finally, focused attention on the working of alignment maturity when the two worlds meet, could bring forward its development to solve wicked problems in society.

A version of this chapter has been published as: Rath, J.H., & Schuyt, T.N.M. (2015). From Philanthropy to Partnerships: Testing a Theoretical Framework of Alignment. *Journal of Service Science and Management*, 8(3), 425-442. Doi:10.4236/jssm.2015.83044