



CGAP

Centre for Charitable Giving
and Philanthropy

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Philanthropy and a better society





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Foreword

Much of the public debate around charitable giving and philanthropy in the UK over the last decade has, typically, focused on how policymakers and those running charities can build upon what is already a deeply embedded culture of voluntary action. Aside from minor skirmishes around issues such as the practice and regulation of fundraising and the administration of Gift Aid there has arguably been a consensus: the giving of time and money is a good thing and it should be supported by an enabling tax and regulatory framework. In turn, there has been widespread support – if not consensus – for charities, voluntary organizations and, increasingly, social enterprises to play a wider role in society, supported by the voluntary action of individuals and communities.

There has, in short, been a consensus that philanthropy can give us a better society.

But we should not take support from the public for granted. As this publication highlights, levels of giving over the long term are static – and, although a majority of the public give to charity, many do not. Other forms of social action – such as volunteering – continue to show that rates of participation vary somewhat between different places and people. We should not assume that this is simply a function of ability to engage: it may reflect different values and perceptions of the role and value of giving and philanthropy. And, of course, the uneven distribution of philanthropic resources – also highlighted in this publication – suggests that as a society we may not be placing those resources where they are most needed but, instead, where they are most effectively asked for. It is no surprise therefore that academics and some in the

sector are questioning the role of voluntary action in all its forms: if our ultimate goals are social justice and a better society, are we operating in such a way as to achieve these goals? And do such outcomes guide the motivations and actions of philanthropists?

Such debates are not simply academic. The recent (and, as I write, unresolved) debate over the capping of Gift Aid tax relief may be one of the first signs of a breakdown in the political consensus on giving and philanthropy – nor is the UK the only country to consider such a policy. Although the cap has gained much attention, other changes to the regulatory and taxation framework for philanthropy – such as the ‘fit and proper persons’ test or legislation on tainted donations – are, I believe, a real deterrent to enabling a broader and deeper philanthropy. They contrast somewhat with the policies of successive administrations, which have sought to significantly expand social action. So, how can research-based evidence help to address such contradictions?

My concerns about much of the current debate fall into two areas: the current lack of evidence to support the development and implementation of detailed policy proposals; and the absence of a more informed, broader debate around the role of charitable giving and philanthropy.

I have long held the view that public policy in relation to the voluntary sector and wider social action is hampered by a lack of in-depth, up-to-date intelligence. The argument over Gift Aid has served to highlight this. The investments of the Economic and Social Research Council, Office for Civil Society, Scottish Government and a number of charitable trusts in research on philanthropy and on the third sector are welcome in relation to these challenges. The NCVO, CAF and others will add their support, but there remains more to do, particularly in relation to long-term quantitative data.

The need for a more informed public debate around the role of philanthropy in building a fairer society is in some respects a bigger challenge. This excellent publication is a major contribution to that debate. Yet there is more to do: in particular we need, first, to explore – and address – the ill-informed view that philanthropy is motivated by ego and private gain rather than social justice and public benefit. The discussion in this publication of entrepreneurs is particularly helpful here. Looking ahead, I would like to see the equivalent of the BBC’s Reith Lectures, given by stakeholders with radically different perspectives, debate how philanthropy and the voluntary sector can build the better society.

Second, as the tectonic plates of state, business and voluntary action shift, we need to make a stronger case for philanthropy’s ability to build not just a bigger society, but a better society – and, in this context, to debate the role

that philanthropic resources can play, given their relative scale and relative lack of constraints, on the mode of distribution. If our starting point is an expectation that philanthropy and voluntary organizations will replace the state in a zero-sum game, we are surely destined to fail in our aspirations.

I welcome the discussion within this publication of new modes of philanthropy, particularly social investment and technology-enabled giving and voluntary action. We need a more critical perspective on the challenges, benefits and implications of such approaches – my view is that these are part of the philanthropic ecosystem, rather than a replacement for more traditional modes of giving and voluntary action.

Mention of the Big Society reminds me that voluntary action has been a regular feature of policy and media discourse over the last two years. Much of that debate has centred on the limitations of voluntary action: what citizens and philanthropy *cannot* do. But the focus on replacing the state has been at the expense of complementing the state, of challenging it, and of changing it. It is in fulfilling these roles that philanthropy and voluntary organizations can build not just a bigger society, but a better society.

Sir Stuart Etherington

National Council for Voluntary Organisations

May 2012



About the ESRC Centre for Charitable Giving and Philanthropy

The ESRC Centre for Charitable Giving and Philanthropy (CGAP) is the first academic centre in the UK dedicated to research on charitable giving and philanthropy. It aims to develop charitable giving and philanthropy through building an evidence base and bringing researchers and practitioners together to share knowledge and expertise.

CGAP is funded by the ESRC; the Office for Civil Society, Cabinet Office; the Scottish Government and Carnegie UK Trust. CGAP is a consortium of institutions and is based on a 'hub and spokes' model, with each spoke leading on one of three research strands.

- **CGAP Hub** Based at Cass Business School, the Hub coordinates CGAP and its dissemination, knowledge transfer and stakeholder engagement activities, in partnership with NCVO.
- **CGAP Spoke 1** Based at the University of Strathclyde Business School, Spoke 1's focus is on individual and business giving, with a major research programme on entrepreneurial philanthropy.
- **CGAP Spoke 2** Based at the University of Kent and the University of Southampton, Spoke 2 has a number of research programmes on the theme of social redistribution and charitable activity.
- **CGAP Spoke 3** Based at Cass Business School and the University of Edinburgh Business School, Spoke 3 focuses on the institutions of giving including foundations, household giving and government.

For further information on CGAP, visit www.cgap.org.uk

Introduction and overview

The Big Society – an idea whose time has come?

Every aspiring reforming government needs a big idea, and for the Conservative Party coming into government in 2010 it was the Big Society, a neat corrective to what the Conservatives termed the Big Government of the previous administration. Unlike that government's tendency to micro-manage every aspect of public life, as its opponents claimed, the Big Society was to roll back the influence of the state and to withdraw the Whitehall finger from every available collective pie. The three-fold aim of this policy initiative was to restore power to local communities, to allow a broad range of organizations to step in to provide public services, and to encourage citizens to volunteer more, in terms of both time and money.

Not everyone has greeted this big idea with equal enthusiasm. For its critics (and these include many natural Conservative supporters) the idea lacks substance and definition – it is a canny rhetorical device but a policy in dire need of a good meal. And, of course, once the extent of the budget deficit had been made public and the need to make draconian savings in the country's public expenditure announced, it has been easy for critics of the idea to present it as a cynical solution to the withdrawal of state funding.

Despite its many supporters, therefore, there remains considerable (if often muted) scepticism about the idea of the Big Society. Indeed, at one stage it looked as if it was heading for an early bath, but the civil unrest of summer 2011 reinstated it as the positive flip side of the riots that took place in a number of Britain's major cities. In the wake of those disturbances, the Big Society was

proudly proclaimed as the key to mending 'broken Britain', and there was now visual evidence of what it stood for in the form of the citizen groups that stepped in to clean up the riot-stricken communities.

In addition, for all the ambivalence about the concept and the mistrust in which it is held by many, the idea is playing a part in the new debate about the appropriate balance of state, private and voluntary provision and has drawn attention to the way in which, and the extent to which, we donate to and participate in voluntary activity in this country. Both the scale and nature of future philanthropy matter equally, and the government's Giving White Paper (May 2011) attaches great importance to the role of increased philanthropy in achieving the aims of the Big Society. This is clearly challenging in an uncertain economic environment, and recent events suggest that policy on philanthropy is often a low priority, and continues to be highly vulnerable to the vagaries of other government policies with direct, if unintentional, consequences.

The proposal in HM Treasury's 2012 Budget of a 'cap' on all personal income tax reliefs at £50,000 or one-quarter of income, whichever is the higher, has driven this point home vividly. As this cap would include charitable tax reliefs, its likely effect would be that those making the largest gifts would reduce the amount they give. This is particularly the case for gifts made from capital by donors with relatively low incomes. At the time of writing (April 2012), the outcome of the Treasury's consultation on the potential impact of the proposed tax relief cap on charities is not known. Charities, donors and other stakeholders are fighting it bitterly.

Whatever its ultimate result, however, the proposal has illustrated the uncertainties that surround funding from philanthropic sources at any given time. In addition, it may take considerable time for the image of philanthropy to recover from the way in which government spokesmen and the media have led it to have negative association with tax avoidance and inadequate charity regulation.

The chapters of this report were written in the autumn and winter of 2011/12, before the budget proposal was announced, and it is being published in the hope that government will fully redress any potential negative impact of current policy on giving. It was written in the clear and firm expectation that the policy environment would increasingly aim at encouraging philanthropic giving as part of the Big Society, and it is published in the hope that – despite this current setback – this policy direction will be resumed.

What role does philanthropy have to play in our society and how may that role be enhanced? Does a better society depend on better philanthropy? Before that, even, is the form of philanthropy we have of the right shape and structure to enable it to create a better – a Big – society? Or do the limitations

of philanthropy mean that, far from redressing inequalities, it may only serve to reflect existing ones? And – given that its success will depend on these – what are the values embedded in the idea of the Big Society? Will these values shape philanthropy itself?

There are other, related, questions that occur as part of this debate. How far is it a convenient way of turning attention away from diminished public expenditure by placing responsibility for previously public provision on individuals, communities and voluntary organizations, as critics have suggested? Alternatively, how far does it represent a valuable opportunity to redefine the core social relationships in the body politic, to galvanize democratic participation in community activity and thereby re-instil a sense of national cohesion?

If the idea of the Big Society is to be translated into real changes on the ground, there has to be more shared understanding of what it involves, and more common definition. Is it a new concept or an old one that is being repackaged? If it's a new concept, how are people to become more engaged in this cause, when they have previously been impervious to other forms of voluntary action and donating? If it's an old one, to be repackaged and 'grown', where is the growth to come from? From existing volunteers and donors? Are they to do more of the same thing or more things than they do currently? And do they get to choose what they do, where to give their time and money? After all, the whole idea of localism is predicated on the idea of the retreat of big government and the concept of self-determinism.

Concepts such as 'philanthropy', 'giving', 'the public good' are trotted out casually, lazily even, as if everyone understands them to mean the same thing, when, in fact, they are much more complicated than a single definition allows. The public good, for example, does not allow for geographical and regional variation, which means that the benefits of giving will not be felt evenly. The act of giving, equally, has a range of motivations, an unpredictable suite of destinations and a widely varying value, all of which makes a common definition seem absurd.

In any case, how is this idea to be funded? When central government is in the process of reducing or removing its contribution to voluntary organizations linked to public service provision, who is going to step in to shore up this funding gap? What incentives to give, if any, is the government proposing, and who are these meant to attract? And how can a government direct voluntary funding of this kind to the areas where it is most needed, when a core aspect of the policy is to cede responsibility for this kind of provision to individual donors, communities and voluntary organizations?

These are not theoretical questions, and they are all clearly linked, in a similar way to the way in which need, provision, resources and priorities are all

linked. Plotting a path from political priority to meeting the need has always been a problem – but when so much political capital is tied up in the idea, with so little actual funding to make it happen, the problem is exacerbated.

These are questions explored in the 13 chapters of this book.

The structure of this report

This report has been compiled in the light of the importance attached by government to the role of increased giving and philanthropy in achieving stronger communities and active citizenship. Working within the Centre for Charitable Giving and Philanthropy (CGAP), a centre dedicated to the study of giving and philanthropy, CGAP's researchers felt it was important to highlight research findings that would cast light on the nature of philanthropy in our society today, how it relates to the needs and ideals of Big Society, and the emerging implications for policy and practice. Individual authors focus on the particular issues tackled within their various research programmes; in spite of the diversity of perspectives, however, a common conclusion emerges that expectations of the contribution that philanthropy can make to meeting social needs exceed the reality of what it currently delivers.

The chapters are grouped into four themed sections, as detailed below. The references for the chapters have been presented in a section at the end of the report (pages 99–112), grouped chapter by chapter.

Section A considers the issues of philanthropy and the Big Society from a historical perspective and in terms of the parliamentary context. **Jenny Harrow** (Chapter 1) examines the parliamentary record to gauge the extent of any cross-party consensus on the idea, looking at the varying interpretations given to it in the devolved assemblies of the UK. In the process, she identifies a number of paradoxes, such as the coexistence of the idea with reduction in funding to the voluntary sector, and the squaring of the empowerment of local communities with an overarching central policy. **Mairi Maclean and others** (Chapter 2) consider the potential role of entrepreneurial philanthropists in the opening-up of public services while also examining the ambivalence in which they are held by the public, and some of the contradictions surrounding their activity: the way in which, for example, their philanthropy may actually enhance their social capital and allow them to engage in 'world-making'. **Tom McKenzie** (Chapter 3) looks back over the last 30 years to see how patterns of household donation have changed, discovering that giving has tended just to move in line with other expenditure and pointing out the disparities between the number of people donating to various causes and the amount donated. In the process,

the challenging question is raised about where any increase in giving is going to come from (more people? or the same people giving more?) and an answer posited to this that may not make comfortable reading.

Section B reflects on the range of personal motivations behind people's giving, looking at why people give to charity or participate in voluntary activity and whether the answers that emerge bode well for the success of voluntary organizations. **Balihar Sanghera** (Chapter 4) looks at the individual motivation for charitable activity, basing his discussion on three different types of charitable donor and suggesting that participation, based on this typography, is likely to be a disparate affair, with the perverse effect that some of the people who have most to offer civil society are among those least likely to be involved in the Big Society. **Iain Wilkinson** (Chapter 5) considers what will be needed to make giving the socially 'normal' thing to do, wondering in the process whether the assumptions about the incentives to give and to give more actually take account of the socioeconomic and cultural factors that influence both people's giving and the object of their giving.

Section C groups together a number of chapters that consider the evenness of the current distribution of resources and reflect on the implications of this for achieving community empowerment and social action across the breadth of society. **John Mohan** (Chapter 6) uncovers a significant geographical variation in the areas in which charitable resources are distributed, and a number of 'charity deserts'. Worryingly, he sees an inevitable inequality between one area and another in the way in which charitable activity may enhance public services. **Rose Lindsey** (Chapter 7) compares affluent and deprived areas in terms of the numbers of charities operating in each, the participation of local people, and the reliance of these organizations on public funding. The results of her inquiry make unsettling reading for anyone hoping that local volunteers and communities will bridge the gap between need and provision – especially in deprived areas, where the need may be greater but the infrastructure of support is weaker. **Beth Breeze** (Chapter 8) takes this last idea – the gap between need and provision – and looks at it from the perspective of the donor, whose ideas of why and where to give may not actually chime with those of the government, particularly in terms of the need for the voluntary sector to fill the gaps left by public funding. Exposing the subjective element of the philanthropic process, she unravels a tangle of often arbitrary factors that can prompt people to give. Sticking with the idea of motivation, **Matthew Bond** (Chapter 9) considers the role of corporate philanthropy in the Big Society and weighs the evidence suggesting that corporate giving may be 'instrumental' (furthering the reputation or the operation of the business) and not the

disinterested, pro-social activity others might like to imagine. He also reveals that the composition of the boardroom (and the schools directors went to, and the clubs they are members of) has a surprising influence on the level of a business's philanthropic activity.

Section D ponders future developments, questioning the role that four separate elements might have in the success of the Big Society. **Hannah Pavey and others** (Chapter 10) profile community foundations, one of the fastest-growing types of philanthropic organization and, collectively, among the most significant grantmakers to charitable causes, whose wagon should therefore be hitched to the star of the Big Society. The chapter questions, however, whether the preferences of individual donors are always necessarily aligned with the public good, and how it will be possible for these foundations to maintain the independence to act in the interests of their local communities (as they were originally set up to do) while also responding to the prevailing public policy environment. **Eric Honoré** (Chapter 11) queries what impact the burgeoning online community will have on philanthropy and whether it will lead to greater participation. Exploring the possibilities of e-philanthropy, he reflects on whether it will be able to unlock the long tail of philanthropy and whether the very idea of online participative philanthropy is a myth or a reality. **Eleanor Shaw and others** (Chapter 12) take a second look at entrepreneurial philanthropists, whose absence from the Big Society discourse strikes them as bizarre, given that they are so well placed to make substantial contributions to stopping the gaping hole in the public purse. Considering this bewilderingly untapped resource, the authors wonder why such philanthropists have not been more centrally enlisted in support of the cause, when they could bring so many other attributes (innovations and partnerships across the three sectors) to the table. Finally, **Cathy Pharoah** (Chapter 13) asks whether the Big Society is a funding problem or a source of funding solutions, and wonders how the government will develop its social investment strategy. She casts a critical eye over Big Society Capital (the government's main player in this strategy) and over other stallholders in the social investment market, wondering whether they have the capacity to provide the funds for the voluntary sector. Exciting though it may be as a development, how successful, she wonders, will social investment be in meeting some of the more challenging social needs?

Disclaimer

The authors of the papers published in this collection bear sole responsibility for the content of those papers.

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Section A

**Historical legacy
and trends
in philanthropy**

1 Notions of Big Society: some initial parliamentary perspectives

Jenny Harrow

Framing and re-framing a policy concept

The UK government's public policy theme and apparent policy promise of the 'Big Society' was conceived, and honed, by the Conservative Party leadership in opposition. With that party now dominant in the UK's coalition government, the Big Society as an area of policy is showing more of the strains and less of the enthusiasm that developed it in the first place. This paper considers how policy around the notion of Big Society has unfolded in parliamentary contexts, demonstrates some of the multiple interpretations being articulated by its protagonists and antagonists, and considers the relative importance of parliamentary opinion, if the broad aspirations for this policy are to be realized politically and practically.

Debate within the UK's voluntary and community sector (VCS) is deepening on this policy's relative value or vacuity, when seen against the shadow and the substance of government deficit-led austerity and retrenchment measures. Some early policy entrepreneurs of Big Society thinking are reinvigorating and partially relaunching its arguments and rationales; others are departing from the scene. Against the scramble to create policy alternatives in the political sphere (in which parties both in and out of government are engaging), the feasibility of the Big Society's reach throughout the UK, given the UK's devolutionary structures, is being raised.

Three interlinked core ideas are presented within Big Society thinking: empowering local communities; opening up public services to provision by a wide range of organizations; and promoting social action by citizens. These core

ideas offer an aspirational governing values statement, in which the overarching goals are to devolve power, and to use the state to galvanize (but not lead) community engagement and social renewal. At the same time, these ideas appear attuned to – and thus able to take advantage of – already-developed (and, in some cases, implemented) policy thinking and practice about ways of improving and changing society that are not state-led. None of the three conceptual underpinnings – voluntarism, localism and associationalism – is a newcomer to public policy social change, nor to the debates within the UK about the relationship between the VCS and government.

As this policy initiative-cum-agenda unfolds, an inbuilt policy paradox appears. If decisions are best made locally and within groups in communities, there can be no one masterplan or single blueprint for the Big Society, little final clarification of what a policy might mean (except in its local context) and certainly no detailed specification of the complete Big Society story. By its very nature, this policy direction of travel looks untidy and may well be untidy in its thinking. Nuances by policy influentials or policy entrepreneurs therefore allow for intriguing degrees of reframing or room for policy shifts.

Academic practice and devolutionary perspectives

Debate on Big Society themes, issues and meaning continues to expand, from academic and VCS practitioner perspectives. That the Big Society's 'problem stream focus' (Kingdon, 1995) is a shrinkage of the state role, a moving on from 'Big Government', is very evident in academic analysis (Smith, 2010). It also represents developments on a continuum from New Labour thinking on markets, networks and the state (Painter, 2011). For Barker (2011: 50), 'talk of a "big society" is one more mutation of the unstable family of pluralism'. Division of thinking along VCS sub-sector lines is appearing, for example, in Taylor *et al* (2011) – in relation to health improvement – or in Evans (2011: 164), who concluded that, 'although many positives are acknowledged, flaws are identified in the lack of attention paid to the unique position of children in society'. Foundations, as well as service-providing voluntary and community organizations (VCOs), are responding – the Calouste Gulbenkian Foundation (2011), for example, has produced a web-based documentary film. In this, volunteers and staff in a range of organizations (including women's, arts, older people's and housing groups) present their perspectives on the Big Society and its realities, so as to help ensure that 'they are part of the policy discussion from the beginning'.

In the devolved parliamentary institutions of the UK, the Big Society – whether as theme or practice – has seemed barely worthy of mention, being largely dismissed as a rebranding exercise of what has long been embedded in these nations, or as something that has ‘not been invented here’. In Wales, for example, one ministerial response has been that ‘community Engagement has and will continue to be a priority in Wales. We do not need to reinvent it as “the Big Society” or “localism”’ (Welsh Assembly, 2011). In Scottish Parliament Proceedings, Big Society examination *per se* has barely surfaced, except in the detail of Committee evidence – for example, in that Committee in which ‘our conversation is made a little more difficult by the ideas from England about the big society’ (Wall, 2011). It is viewed as a factor in receiving further consequential funding from the UK government (Swinney, 2011). Moreover, neither the Scottish Conservatives nor the Liberal Democrats mentioned the Big Society in manifestos for the May 2011 parliamentary elections (Mair, 2011). There appears to be a sense that Big Society is irrelevant as a policy except as a further funding source (Hermon, 2011, for example, regarding Northern Ireland and Big Society Capital, the Big Society bank concept). Harrow *et al* (2011), however, exploring the devolved nations’ approach to Big Society policy in the context of localism, consider the pressures facing smaller and smaller community organizations in localities – whether or not to take the best parts of the policy offer, while acknowledging its risks, possible rigidity and uncertainty.

Parliamentary perspectives

Within the growing literature and commentaries on Big Society thinking, there seems to have been little attention to the lines of thought being developed and expressed in the UK parliament itself. Within Parliament, Big Society’s progress is variously scrutinized, lauded, condemned or invoked, mostly but not always across political party lines. The announcement of the House of Commons Public Administration Select Committee (PASC) inquiry into the Big Society proposals as part of its interest ‘in the wider theme of smaller government’ (PASC, 2011), important though it was, appears to have made Big Society thinking, paradoxically, a somewhat specialist subject. What then are the themes and understandings of this Big Society policy ‘tent’, as expressed in initial parliamentary debates? This chapter explores this question briefly, focusing particularly on the Commons debate in February 2011 and presenting the summary dimensions of a thematic review of that debate.

Parliamentary debates have been adept at uncovering ideological and linguistic antecedents of the Big Society. The House of Lords debate of June

2010, for example, although lacking Big Society 'billing', explored the theme of Big Society widely, from its genesis as 'neighbourly society' thinking, through its intangibility as a web of trust and reciprocity, to the risk that it might lead to state withdrawal and the consequent over-burdening, rather than empowering, of people (House of Lords, 2010). The maiden speech of the coalition government's (then) policy lead on the Big Society, Lord Wei, produced yet another analogy, that of 'the big society coral reef . . . the coral represented by the many current and future (voluntary sector) providers of those services that add variety and innovation and humanity to their delivery' (Wei, 2010). That coral reefs are sources of awe and wonder but highly endangered makes this a somewhat problematic policy metaphor, which may yet come to have further relevance.

By comparison with the House of Lords, the House of Commons appeared tardy in its own Big Society debate, the first of which took place in February 2011, and then only as Backbench Business. That delay, however, enabled early expressions of the policy to emerge (such as the National Citizens Service), as well as the problematic back-story of local government's reduction of VCS funding in some areas. In effect, this six-hour debate offered less romanticism and more realism, exploring definitional, theoretical and historical roots of Big Society thinking, to the point where one newly elected Labour MP (and recent academic) described the debate as a 'seminar' (Hunt, 2011). Alongside lengthy accounts of good works by voluntary organizations and volunteers in their constituencies, MPs examined the tangible expressions of the Big Society, its implications and uncertainties in a wide variety of communities.

Examining the question: 'How do MPs understand and articulate the nature and value of the Big Society policy platform?', a thematic review of the debate content was undertaken for this research (see Table 1). Following the style of Aronson (1994), this review identified themes and sub-themes raised by the MPs. Ten core themes, or clusters of thinking, were identified: challenges around the concept; its very familiarity and thus recognition; the role of the state and public service reform; the importance of community; the 'Good Society' as an alternative; the gaps in Big Society thinking; the importance of volunteering; the regulatory challenges; the role of charities, philanthropy and giving; and wider perspectives on social and economic crises facing the country. The sub-themes within these themes are demonstrated at the close of this paper, using debaters' phraseology, together with their party political sources.

Although twice as many Conservative as Labour MPs participated in the debate (32 against 17, with single contributions from the Liberal Democrats and the Scottish National Party), the deepening critique from the Opposition was

aired strongly. The importance for the Opposition in what might be described as policy restoration – ie to its rightful owner (Harrow, 2011) – through reference, for example, to the historical development of mutual benefit organizations and cooperatives, was apparent. The Labour Party's alternative constitutional and socioeconomic settlement – the 'Good Society' – was also cited, despite Conservative queries that their opponents saw the Big Society at the same time as doomed and as a policy area which they must reclaim.

Bayley (2004: 7) emphasizes that analyses of parliamentary debates, because they are based on official transcripts, lack 'the fundamental dimensions of spokenness' – and also the jeers, heckles or applause of the actual debate. The apparently laggardly nature of this debate's timing meant that opportunities for policy contradictions and difficult policy dependencies had begun to show through – notably where local authority resource decisions undermined voluntary organizations' roles, and where definitional aspects continued to loom large. Nevertheless, the thoroughness and coverage in this instance demonstrate some exchange as well as assertions of ideas, to the point where the MP's characterization of it as a 'seminar' seems an accolade rather than a sign of simply forgetting where one was.

With the government re-emphasizing the centrality of the Big Society idea (see the Prime Minister's assertion that 'it's going to get every bit of my passion and attention over the five years of this government' – Prime Minister's Office, 2011), the specialist attention of PASC now seems critical in understanding the implications as well as the directions of this policy arena. Its report, published in December 2011, characterizes the Big Society as a 'project', a noun that people find as easy to support as to dismiss (House of Commons, 2011a).

PASC is at pains to emphasize its focus on this 'project's' implementation: 'We have expressly not undertaken a detailed evaluation of the merits of the Big Society concept' (House of Commons, 2011a: 4). Nevertheless, in examining in particular the strand of thinking relating to the policy implications of the opening-up of public services, the report's content appears to focus precisely on the concept and its merits – for example, 'some inconsistency in view of the Government's role in enabling the Big Society project' is reported (ibid: 8). Yet the duality of governmental roles in supporting new ideas and undertaking structural reform, while looking to what other organizations and communities do rather than what government does, is central to the concept itself: a paradox certainly, but not necessarily a muddle. Its challenging finding that 'the Government has so far been unable to communicate effectively to the public what the Big Society project means in terms of practical

policies' (ibid: 14) is, however, directed specifically at the commitment to open public services, rather than the whole sweep of Big Society thinking.

Again, the PASC report gives wary support for Big Society Capital, as a 'genuinely imaginative social innovation which has enormous potential in the long term' (ibid: 30). Yet it also returns to the underlying concept, which it assesses as 'as yet unproven', with 'large-scale effects (taking) a decade or more to bear fruit' (ibid). PASC's recommendations are, though, wholly directed at operations and not policy meanings, and are then restricted to the widening of opportunities to deliver public services. These concern the application of an impact assessment for every government policy regarding its contribution to building 'social capital, people-power and entrepreneurship', and the appointment of a 'Big Society Minister who has a cross-cutting brief, to help other ministers drive this agenda' (ibid: 54).

Reflections

It may be argued that there is already a 'Big Society Minister' – in the form of the Prime Minister. The persistence of his personal advocacy for Big Society thinking as more than just a 'project' is marked, within as well as outside Parliament. The House of Commons Liaison Committee – in the role that it has performed, since 2002, of hearing evidence from the Prime Minister on public policy – raised with the Prime Minister in the week preceding the PASC report publication the conceptual and the pragmatic uncertainty at its core: 'Can you convince people that this is what you would be doing anyway, because it is good in itself, and is not simply a response to shortage of money?' (House of Commons, 2011b). Unsurprisingly, the Prime Minister was adamant that 'I do not think we should be shy of saying that a Big Society approach is right, whether you are in good times or bad times, but it is even more essential when money is tight' (ibid).

The response and its accompanying extensive detail suggests that it is in the parliamentary as well as public domain that advocacy for the Big Society as a series of interconnected policy ideas more than just a 'project' needs to be made. For example, the themes from the 2011 Commons debate – around greater clarity on the nature of public service reform that will shift the role of the state, the sense of familiarity yet uncertainty around Big Society ideas, and the persistent revisiting of what is understood by 'community' – remain critical and durable. PASC's emphasis on the need for a cross-cutting ministerial brief may be seen as a warning about the barriers set up against this policy within leading

Whitehall departments – or about their disregard of this policy – rather than as a wholehearted critique of the policy as a whole.

An emphasis on opinion forming and thinking within parliamentary structures on the Big Society points up an underlying irony, given the policy's incorporation of the value of moving decisions downwards and outwards to communities. Yet it is through individual MPs' apparently tangential interventions, overtly parliamentary roles, and their constituency postbags that the continuing Big Society policy paradox will play out, as government priorities of controlling fiscal deficit through spending cuts, and a decentralizing reform agenda, bear down in particular on the voluntary and community sector. Parliament appears not merely the broadly supportive or broadly antagonistic bystander but a critical intermediary for the reports and narratives of the Big Society experience – and a key monitor of the Prime Minister's assertion that: 'We are not standing back and just hoping that the Big Society arrives. We are clearing away the obstacles and then we are taking some specific steps to help build it' (House of Commons, 2011b).

Regularly revisiting parliamentarians' changing (or fixed) understandings of the directions for and outcomes of the policy of Big Society will therefore be important, as the 'coral reef' of Big Society policy is either safeguarded and treasured, or found to be crumbling irretrievably.

Table 1 A thematic review, in summary, of the backbench parliamentary debate (Backbench Business) on the Big Society, House of Commons 28 February 2011, 4.48pm–10.29pm (House of Commons, 2011c)

	Con	Lab	Lib Dem	SNP
The concept – the Big Society is . . .				
. . . not a revolutionary new idea but a renewed mission for troubled times	X			
. . . important precisely because it is not subject to any one overwhelming social purpose	X			
. . . very much about processes, not about purposes	X			
. . . not new and, most of all, it is not free		X		
. . . a new phrase and therefore people expect to see a new thing – it isn't	X	X		X
. . . the message we missed in the 50s and 60s with the great slum clearances, and in the 80s and 90s with regeneration	X			
. . . a cover for the cuts/a rebranding of what already happens		X		X
. . . (able to be) big in small ways – small initiatives are an essential part	X			

	Con	Lab	Lib Dem	SNP
Its familiarity and recognition				
Everyone will now say that their project is a Big Society project		X		
The term does not resonate with people – people live in a community not a society		X	X	
What is there not to love?		X		
The role of the state and public service reform				
A side effect of the big society will be an increased focus on what the state should be doing	X			
The Big Society challenges the monopoly view of public services provision	X	X		
The importance of community				
Increased decentralization (will) lead to increased sense of community confidence	X			
No lack of confidence in communities – it is simply civic society				X
Great differences are achievable by allowing groups and individuals to make decisions and take control			X	
Community projects have an advantage over the state because of local knowledge and creative solutions	X			
Wider community involvement in service provision will drive social mobility	X			
Government is encouraging community ownership yet selling off key assets to private sector		X		
Communities want a greater sense of being able to chart their own destiny and future direction	X			
The 'Good Society' as alternative				
Self-help and community action are the foundations of a 'good society'		X		
Securing the Good Society is as much about changing the economy and markets as it is about reframing the state		X		
The gaps				
The Big Society is weak on social justice issues		X		
The Big Society is not really engaging with the equalities agenda – which is important, because communities do not start from a level playing field		X		
Infrastructure for delivering the big society will be hardest hit in deprived areas that are less able to deliver the big society vision		X		
In not paying attention to infrastructure support, the government has not given enough time for the voluntary sector and communities to develop new models		X		

	Con	Lab	Lib Dem	SNP
Volunteering in the Big Society				
Volunteering is normal in 'civil society' (ie not big society)		X		X
Volunteering is not a panacea		X		
Volunteering is not the same as voice		X		
Nationalizing volunteering is a disincentive		X		
Volunteers are not a cheap alternative to the maintained sector		X		
Regulation				
Frustration with rules limiting/preventing social and voluntary action	X			
Individuals feel they are prevented from taking responsibility/ Onerous regulations needed to be freed up	X			
The role of charities, philanthropy and giving				
Independently funded charities lead the way in the Big Society	X			
Individuals with passion are critical	X	X	X	
Citing exemplary voluntary organization/volunteering examples	X	X	X	X
The Big Society is already working throughout the charity sector and the need is to make it even bigger	X			
There is a need to expand philanthropy and individual generosity but that should not be the whole story	X			
The government is destabilizing the (charity) sector through cuts to direct grants and local authority budgets		X		
The Big Society is not just part of the national conversation – it will work only if it builds the little society as well	X			
The social and economic crisis				
The crisis of social decline is every bit as grave as the economic crisis		X		
Social action is as important as economic action and it must be incentivized	X			
Radical change is difficult at a time of austerity	X			
This coalition government wants the story of this parliament to be one of economic recovery, not social recovery	X		X	

2 ‘World-making’ and major philanthropy

Mairi Maclean, Charles Harvey,
Jillian Gordon and Eleanor Shaw

Entrepreneurial philanthropists: ‘Carnegie’s children’

The ‘Big Society’, unveiled by the Conservative Party in the run-up to the 2010 general election, is endowed with the triple aim of empowering communities, opening up public services and boosting social action (HM Government, 2010, 2011). Described by Cameron (2010) as ‘the biggest, most dramatic transfer of power from elites in Whitehall to the man and woman in the street’, the ethos of the Big Society is around fostering community spirit and action at grassroots level. The emphasis is thus firmly on localism, volunteerism, communities, charities and ‘social enterprises’ (Hurd, 2011) – these being companies that employ business models to achieve social and environmental ends (Chell *et al*, 2010; Nicholls, 2010). In this way, the notion of the Big Society is very much geared to solving Britain’s problems from the bottom up, and to encouraging the various ways that harnessing energies at a local level can affect communities and neighbourhoods. Despite the priority accorded to microstructures, however, the coalition government would be missing a trick if it did not seek at the same time to tap into the larger-scale endeavours of super-wealthy entrepreneurs engaged in major philanthropy. Giving has flatlined in the UK, despite our being a nation of givers (Cowley *et al*, 2011; Hurd, 2011), and with decreasing public funding large-scale philanthropists are arguably all the more needed to step into the breach. The purpose of this paper is to turn the spotlight on the role that super-wealthy entrepreneurs can play in helping to bring the vision of the Big Society to fruition.

In this paper, entrepreneurs who come to engage in major philanthropy are referred to as 'entrepreneurial philanthropists', and entrepreneurial philanthropy is defined as 'the pursuit by entrepreneurs on a not-for-profit basis of big social objectives through active investment of their economic, cultural, social and symbolic resources' (Harvey *et al*, 2011: 428). Entrepreneurial philanthropists – such as Bill Gates, Conrad and Barron Hilton, Andrew Mellon, John D Rockefeller and Henry Wellcome – are distinguished by their drive to amass significant personal fortunes, accompanied by a desire to use a large share of their wealth to pursue philanthropic ventures over which they can exercise control (Bishop and Green, 2008; Schervish *et al*, 2005). The pioneer of entrepreneurial philanthropists, however, whom many hold in high esteem, is Andrew Carnegie (Harvey *et al*, 2011), who is distinguished as the first benefactor to give away a greater proportion of his wealth in his own lifetime, an amount equivalent, in today's money, to US\$9.12 billion (Officer and Williamson, 2009). His maxim 'The man who dies thus rich dies disgraced' (Carnegie, 2006: 12) is one that philanthropists have taken to heart. Bill Gates, Warren Buffett and, in the UK, Sir Tom Hunter have expressed their desire to follow Carnegie's example by distributing the bulk of their wealth to good causes during their own lifetimes, becoming 'role models' or advocates of giving. In this they are all 'Carnegie's children' (Bishop and Green, 2008). Taking control of the distribution of their wealth enables them to exercise choice in the manner in which it is distributed and in the selection of beneficiaries. During in-depth interviews conducted by the authors with entrepreneurial philanthropists from India, Australia and the UK as part of a study into individual and business giving, such individuals have regularly expressed a wish not to 'burden' their own offspring with more wealth than they could ever need in their lifetimes.

Maintaining social harmony

In recent years, social and economic dislocation has become increasingly acute in Western societies, including the UK (Chell *et al*, 2010), where pay differentials between rich and poor are at an all-time high (Beckford, 2011). Inequalities of power require greater justification at times of economic crisis, when social competition and the potential for social conflict are accentuated. Engaging in philanthropy enables wealthy actors to play a part in maintaining social harmony (Smith and Stevens, 2010; Zahra *et al*, 2009), to use their resources to help knit up the fabric of what David Cameron has memorably dubbed Britain's 'broken society', the corrosive effects of which were in ample evidence in the riots which broke out in English cities in summer 2011.

The research that inspired this paper found that entrepreneurs, in engaging in philanthropic endeavours, apply the principles gleaned through their business ventures. They deploy the various forms of capital available to them – economic capital, drawing on the vast wealth at their disposal; cultural capital, in the form of entrepreneurial capabilities and experience; social capital, as expressed through relationships built through business ventures; and symbolic capital, as manifest in their reputation, brand and credibility – to devise innovative solutions to deep-rooted social problems (Harvey *et al*, 2011; Shaw *et al*, 2012). Entrepreneurial philanthropists are concerned with achieving impact, and with having a return on their investment in the form of tangible results. To this end, they monitor outcomes and measure the success of their activities. They wish to fund success and, to do so, their philanthropic projects must be ultimately sustainable. They wish, in short, to make a measurable, strategic and long-term difference through projects that hold meaning for them and their families.

The field of power

A by-product of engaging in philanthropic activities, however, is that these may serve to boost the cultural, social and symbolic capital of entrepreneurs at the same time, and in this way increase their perceived worth, enhancing their effectiveness as multi-positional actors within what Bourdieu (1996) refers to as the ‘field of power’ (Maclean *et al*, 2010). The field of power is the integrative domain that brings together elite actors from different walks of life, including those from business, politics, public administration, media and the law. It is here that resource-rich actors meet and exchange views, and seek to shape agendas and legitimate preferred outcomes. It is through coalitions, alliances and networks forged within the field of power that entrepreneurs seek to influence societal decision-making processes, resource flows, institutional changes and public opinion.

Entrepreneurial philanthropy is far from being a one-way street (Harvey *et al*, 2011). Instead, research suggests that investment in philanthropic projects can be highly profitable for individuals, enhancing their cultural, social and symbolic capital, which in turn may make them richer in economic capital. Charitable giving has become an integral part of the elite equation (Bourdieu, 1977), in the sense that society expects wealthy people to give. It is also redemptive, offering a means through which excessive wealth and social inequalities may become more acceptable to society at large.

'Robber barons' or a major resource for good?

Major philanthropists have not always received good press. Both Carnegie and Rockefeller, for example, were branded hypocrites and 'robber barons' (Cannadine, 2008: 505–41; Nasaw, 2007: 481–4), while Mellon was put on trial for tax evasion. But their philanthropic projects – including library building, educational projects and university endowment – are evidence enough of a sincerity to improve the life chances of others. So while engaging in philanthropy may be a way for the wealthy to gain symbolic capital, reputation and credibility, and to legitimize their wealth, the benefit to the public outweighs the fact that philanthropy may be 'a model that prioritizes elites' (Nicholls, 2010: 625).

Today, as in Carnegie's time, the right to possess great wealth is a contested issue. Carnegie's *The Gospel of Wealth* (1888), which Rockefeller followed and which Gates and Buffett view as 'practically holy scripture' (Bishop and Green, 2008: 13), has presented wealthy entrepreneurs with a dignified and face-saving way out. By 'giving back' to communities of their own accord (Maclean *et al*, 2012), they might demonstrate that inequality was a (temporary) phenomenon that, through wise spending, can deliver public good. In exchange for such benevolence, entrepreneurs-turned-philanthropists would gain the right to engage in 'world-making' on a large scale. World-making concerns 'the embedded ways in which agents relate to and shape systems of meaning and mobilize collective action to change social arrangements' (Creed *et al*, 2002: 475). The essence of world-making, and how major philanthropists shape society, remains in place today. So, in recognizing that the accumulation of wealth and philanthropy are closely linked, and that both are linked to power, the nature of entrepreneurial philanthropy will be redefined here as 'a world-making process through which already successful entrepreneurs use their power to accumulate more power, extend their social and political influence, and increase their capacity to shape society according to their will'. The Bill & Melinda Gates Foundation (2011), for example, with its strapline that 'all lives have equal value', aims to 'roll back malaria' and end polio through its global health programme, grow better rice for a hungry world through its global development programme, and make American classrooms 'world-class once again' through its United States programme. In this way, it uses the financial muscle of its super-wealthy benefactors to make a positive and enduring difference to people's lives.

Engaging in major philanthropy allows super-wealthy entrepreneurs to enhance their symbolic capital, reputation and credibility. Nevertheless, there are 'certain arenas in which self-interest is considered morally laudable, or in which social conscience is considered personally rewarding' (Suchman, 1995: 585). The world will continue to change, and with it the problems for which

major philanthropy may continue to provide solutions (Calás *et al*, 2009). The world-making capacities of major entrepreneurial philanthropists, through which they can harness their wealth to improve the lives of others, are a major resource to be tapped, as in Carnegie's day. At a time of diminishing public funding, major philanthropic endeavours must form an important part of the coalition government's attempt to realize the far-reaching vision of the Big Society, complementing the localism agenda and enriching lives through effective giving.

3 The Big Picture: decades of donations in the context of the wider economy

Tom McKenzie

In a speech in Liverpool on 19 July 2010, two months into his premiership, David Cameron stated that 'the success of the Big Society will depend on the daily decisions of millions of people – on them giving their time, effort, even money, to causes around them' (Cameron, 2010). The government's more recent White Paper on giving (HM Government, 2011) prioritizes the introduction of 'powerful new tax incentives' for giving, pledges support for innovations that make it 'easier to give' money to charity and advocates the setting of 'new social norms'. Yet the act of donating to charity is well established in the United Kingdom (see, for example, Posnett and Sandler, 1989) and previous interventions by government to encourage giving, such as the introduction and expansion of the Gift Aid scheme in the 1990s, do not seem to have generated much change in behaviour. In the last two decades, and in spite of significant technological progress in the way we conduct financial transactions, average donations have only moved in line with overall expenditure (Cowley *et al*, 2011).

Remembering the 1980s

The last time any real change in regular household donations to charity occurred in the UK was between 1984 and 1990. As shown in Table 2 (page 33), the average donation rose by 60 per cent from £1.23 per week in 1984 to £1.97 per week in 1990, far outstripping the 10 per cent increase in total household spending, which went up from £400.87 to £440.79 per household per week over the same period. On average, donations represented 0.33 per cent of a

household's budget in 1984. This figure had risen to 0.46 per cent by 1990. Since 1990, it has remained between 0.40 per cent and 0.50 per cent, with the exception of 1994 (0.51 per cent) and 2000 (0.56 per cent);¹ in 2009, it was 0.44 per cent. For two decades, average amounts given to charity have moved broadly in line with total household spending. So what happened in the late 1980s that might have caused such significant change in charitable donations?

Between 1984 and 1990 the economy was recovering from the high unemployment of the early 1980s. House prices boomed and, as state-owned companies were privatized, there was a sharp rise in the number of people owning shares. It is well documented that during this time, income inequality in the United Kingdom rose substantially (see, for example, BBC News online, 2005). The Gini coefficient, which measures the concentration of income in the population, went up by 27 per cent from 0.26 to 0.33; other measures of income inequality, such as the ratios of median-to-tenth-percentile income and ninetieth-percentile-to-median income, also saw marked increases over this same period (Clark and Taylor, 1999). It should be noted from the 'participation' column in Table 2 that this growth in inequality was accompanied by a decline in the proportion of households donating to charity, from 31.9 per cent in 1984 to 28.7 per cent in 1990. But a large rise in amounts given by donor households, from an average of £3.87 per week in 1984 to £6.87 per week in 1990 (an increase of 78 per cent), offset the fall in participation and brought about the general rise in average donations for the nation as a whole.

The lesson to be learned from the late 1980s is that charitable donations were boosted not by more people deciding to give but rather by donors themselves deciding to give more of their money to charity. Donors had more money in general and donated larger proportions of it to charity because they could afford to do so. If the success of the Big Society is measured partly in terms of how much money is given to charity, then encouraging 'millions of people' to participate may not be the most effective way to achieve that success. The 'Society' could get bigger in terms of numbers but the added value may be marginal and the population may yet become more reliant on those who already give giving more.

¹ This upsurge in donations was short-lived: in 2001, the figure dropped to 0.40 per cent. See Cowley *et al* (2011: 15–23) for further details and discussion of the 'millennium effect'.

Table 2 Donations to charity by households in the United Kingdom, 1978–2009

	All households				Donor households only		
	Donations	Total spending	Proportion donated	Participation	Donations	Total spending	Proportion donated
1978	£1.10	£380.12	0.32%	32.5%	£3.38	£434.23	1.00%
1979	£1.20	£396.14	0.31%	31.7%	£3.77	£464.38	0.97%
1980	£1.09	£389.97	0.32%	32.9%	£3.30	£452.32	0.96%
1981	£1.21	£393.18	0.32%	33.0%	£3.67	£458.55	0.97%
1982	£1.17	£384.46	0.32%	31.9%	£3.67	£454.67	1.02%
1983	£1.33	£397.59	0.34%	30.4%	£4.39	£464.93	1.13%
1984	£1.23	£400.87	0.33%	31.9%	£3.87	£494.43	1.05%
1985	£1.51	£401.59	0.37%	30.7%	£4.93	£499.01	1.21%
1986	£1.72	£429.24	0.39%	31.1%	£5.54	£527.87	1.27%
1987	£1.97	£438.15	0.42%	30.8%	£6.38	£543.87	1.37%
1988	£2.12	£451.95	0.44%	29.3%	£7.24	£548.70	1.51%
1989	£1.93	£451.47	0.44%	29.2%	£6.59	£567.17	1.49%
1990	£1.97	£440.79	0.46%	28.7%	£6.87	£544.68	1.59%
1991	£1.99	£450.56	0.42%	29.2%	£6.82	£567.50	1.43%
1992	£1.99	£456.82	0.45%	29.4%	£6.77	£539.90	1.54%
1993	£2.35	£456.02	0.47%	30.0%	£7.83	£563.11	1.57%
1994	£2.28	£445.72	0.51%	31.4%	£7.28	£548.06	1.64%
1995	£2.42	£453.22	0.50%	31.4%	£7.73	£560.34	1.60%
1996	£2.07	£464.29	0.46%	29.6%	£6.98	£574.67	1.56%
1997	£2.43	£484.78	0.49%	30.6%	£7.94	£587.61	1.60%
1998	£2.19	£498.83	0.46%	27.0%	£8.12	£606.51	1.70%
1999	£2.34	£504.86	0.47%	25.4%	£9.19	£627.07	1.86%
2000	£3.00	£516.18	0.56%	28.4%	£10.54	£619.60	1.95%
2001	£2.10	£564.93	0.40%	27.7%	£7.58	£695.47	1.46%
2002	£2.22	£582.80	0.45%	30.9%	£7.18	£711.14	1.44%
2003	£2.35	£575.57	0.44%	29.9%	£7.86	£706.21	1.46%
2004	£2.79	£574.01	0.45%	29.2%	£9.55	£722.39	1.55%
2005	£2.34	£576.10	0.43%	28.7%	£8.13	£723.56	1.49%
2006	£2.44	£573.02	0.46%	29.2%	£8.35	£722.78	1.59%
2007	£2.95	£553.10	0.50%	29.8%	£9.90	£695.98	1.69%
2008	£2.57	£544.98	0.47%	27.4%	£9.37	£697.63	1.70%
2009	£2.43	£524.96	0.44%	27.1%	£8.95	£663.36	1.64%

Notes

Weighted data from annual UK FES, EFS and LCF survey cross-sections (ONS/DEFRA, 2011); amounts are averages per week, in September 2011 pounds (conversion using Retail Prices Index); 'proportion donated' is the average of donations as a proportion of total spending; 'participation' is the proportion of households in the survey observed to donate.

Democracy and the distribution of money

Of course, increasing involvement in charitable giving has important effects in terms of the recipient causes. It could be argued that the more people participate in donating and the wider the range of causes supported, the more democratic the charitable landscape.² However, while the number of 'votes' for a cause might rise each time that cause is supported, some votes will count more than others and, ultimately, the relative importance of the cause will be determined by the amounts given. In the latest *UK Giving* survey of donations by individuals it is notable that, although 38 per cent of donors reported giving to medical research (the most popular cause) and only 13 per cent reported giving to religious causes, the total amounts donated to both types of cause were roughly the same, at 17 per cent and 16 per cent, respectively, of the £11 billion given to all causes (Dobbs *et al*, 2011: 14). The average amount donated to religious causes was nearly three times that donated to medical research. The shape of the charitable sector tends to reflect the distribution of money and power in the wider economy.

The setting of 'new social norms' in charitable giving is indeed a bold ambition but it remains unclear to what extent government can truly influence donor behaviour. The proportion of donors giving to medical research has remained remarkably stable throughout the seven years of the *UK Giving* survey, ranging from 32 per cent to 40 per cent, while the median amount donated has been a consistent £5 or £6 per month (Dobbs *et al*, 2011: 16). Previous research on preferences for whether the state or private organizations and individuals should be responsible for providing social services has shown that it can take many years, perhaps generations, for political change to affect people's attitudes and beliefs on such matters (Alesina and Fuchs-Schündeln, 2007).

Constrained by the economy

Even if more people are persuaded to contribute, they may not dig deep in their pockets, and their pockets may well lack depth. With the economy stagnating, donors are only able to give more money to charity if they make sacrifices in other areas of spending. They have not done this in the UK for the past 20 years. A recent study reveals a similar pattern in the United States over the past four decades. Heinemann (2010) demonstrates how donations by individuals and corporations in particular move very much in line with the business cycle there, too.

² See Banks and Tanner (1998: 11–12) for a discussion of how government can use tax policy to represent people's preferences for causes in different ways.

The UK government seems very keen to stimulate giving by private individuals and organizations and aspires to increase the total amount given. It may see scope for donations to rise beyond the modest 0.4 per cent to 0.5 per cent of household spending that is currently apportioned to charities. The best way to achieve an increase in the total amount given to charity would be for the economy as a whole to pick up; experience suggests that donations will at least follow, if not outperform, general spending. The government's vision of more giving is ambitious and looks to be at odds with a time of tight resources, spending cuts and continued downturn in the economy. Somewhat paradoxically, inequality in society could rise further, and the proportion of people donating money to charity may decline more, before the big money rolls in. But is this what is intended by the 'Big Society' – isn't it more about encouraging us to become a collective society of givers than about realizing large donations from individuals?

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Section B
**Commitment,
concern
and morals**

4 ‘Am I bothered?’ Everyday morality and moral concerns and their implications for charitable giving and the Big Society

Balihar Sanghera

Mapping the different moral topographies of individuals

This chapter offers an account of how charitable giving matters to individuals, suggesting that charities are embedded in their lives with different degrees of meaning and importance. Individuals are reflexive beings, who interpret the social world in relation to things that matter to them, deliberating and prioritizing a multiplicity of moral concerns and commitments, such as the family, career, political and social causes and religion (Archer, 2007; Sayer, 2011; Taylor, 1989). The first part of this paper draws upon Archer's (2003; 2007) study on internal conversations and moral concerns to suggest that individuals have different dominant moral concerns that affect how they deliberate and commit themselves to charities. It offers a framework for understanding charitable giving based upon moral concerns, commitments and sentiments, suggesting three modes of personal and moral evaluation that help individuals navigate their way through the world in relation to things that matter to them. For some, charitable causes are essential to their way of life, whereas for others charitable acts are an incidental and marginal activity. Consequently, the Big Society agenda can excite and motivate individuals in different ways, depending upon their dominant concern. It is a mistake to suggest that individuals will respond to the Big Society opportunities in a similar way, with shared meanings, motivations and morals. While some individuals may volunteer as a way of socializing, bonding and belonging to the local community, a few may see the Big Society as a chance to demonstrate their practical skills and competence by undertaking demanding and challenging volunteering activities. Others may find some vindication in the

Big Society programme to foster civic virtues and active citizenship that brings about social change and justice.

The second part of the paper suggests how different life experiences, resources and dominant moral concerns can give rise to different judgements of compassion, responsibility and charitable acts (Sayer, 2005, 2011), so that individuals' sense of responsibility to others can be distorted by social class, parochialism and other forms of discrimination (Smith, 1976; Lamont, 1992, 2000). It suggests how social structures can distort moral judgements and how dominant moral concerns can produce self-deceptive and biased giving and non-giving.

Moral concerns and the voluntary sector

Morality is integral to everyday life, and moral sentiments, responsibilities and judgements partly constitute lived experience and everyday morality (Taylor, 1989; Benhabib, 1992; Sayer, 2005; Nussbaum, 2000). Everyday morality describes how ordinary individuals, who are emotionally entangled in social relationships, have to prioritize and dovetail incommensurable moral concerns into a moral orientation that allows them to deliberate on what is the right thing to do. Moral sentiments relate to things that we have reason to value, moving us into action. Moral responsibilities are unavoidable: as vulnerable, needy and interdependent human beings, we have to care for, and be cared for by, others. Moral judgements are equally pervasive, in that we are always embedded in a web of human relationships that shape, and are shaped by, moral obligations, expectations, rights and norms, requiring us to evaluate moral claims.

We are inescapably evaluative beings, 'existing in a moral space in which questions arise about what is good or bad, what is worth doing and what not, what has meaning and importance for you and what is trivial and secondary' (Taylor, 1989: 28). Our identity involves strong evaluations, allowing us to define what is important to us and what is not, and affirming moral concerns and deep commitments. We assess what social factors constrain and enable our life projects in a world not of our own making, how much endurance is needed to stay the course, and we decide what to do next (Archer, 2000). Moral reflexivity constitutes an individual's orientation towards society. Moral concerns, practices and situations are always understood through the way in which we describe them, in the process often misinterpreting them. Self-deception, rationalization of wrongs, self-denial, feeling exempt from the rule, miscalculations and excessive emotions trip us as we strive towards our goal.

Archer (2007) argues that over the course of their lives individuals establish a dominant mode of personal orientation towards society that shapes how they understand and evaluate social and ethical action, and that this has significant implications for charities, volunteering, civil society and the Big Society. Archer (2003, 2007) argues that there are three dominant modes of reflexivity and concern.¹ The first mode is illustrated by individuals whose primary concern is familial and collegial solidarity, and who subordinate other concerns, such as studies, work and faith. Such individuals have intense and dense inter-personal relationships, and are characterized by normative conventionality, meaning that moral principles and standards connect them to family and friends, and social networks censure their moral behaviour. They are moral conventionalists, who regard charity events as an opportunity to socialize and to have fun with family members, friends, work colleagues, neighbours and people in the community: for instance, a person may volunteer with her friends to run in a charity marathon. Such individuals' sympathy and compassion beyond their micro-worlds are restricted to familiar groups in the local community. Although their charitable acts exhibit a degree of sympathy, compassion and beneficence towards vulnerable and suffering groups, their giving tends to be short-lived and spatially restricted. Consequently, giving is weakly embedded into their lives. They are mobilized to donate by popular media appeals, conveniently placed collection boxes, local fetes and national disasters. While giving is sincere, it is not deep or resilient. Moral conventionalists are not likely to initiate any Big Society projects, but will participate in volunteering that family members, friends and neighbours have developed. Their participation in civil society will be limited spatially and socially, connected to people, surroundings and causes they know (Archer, 2007). Furthermore, volunteering for the community will be short-lived or restricted to a few hours a week, as their time is taken up by familial and social commitments.

The second mode is characterized by individuals whose dominant concern is work and who often undertake studies and training, and obtain satisfaction from getting their practical skills, competence and social performances right. Self-discipline, self-responsibility and self-improvement are part of their identity. They accommodate family and friends, but demand autonomy and privacy. Given their preoccupation with work and career, they minimize their contact with social collectives and associations. They are moral individualists, who pursue integrity, recognition and satisfaction in their performative practices, and take pride in their work. Their dedication to work

¹ Archer (2003, 2007) identifies four modes of reflexivity; I have chosen not to discuss the fourth mode, which is called 'fractured', partly because I did not encounter many fractured reflexives in my study.

and performance means that moral deliberations on giving do not absorb them, and are incidental and marginal to their everyday practices. Moral individualists regard charitable practices as an opportunity to demonstrate their competence, skills and knowledge. Charitable acts have an instrumental and strategic value, such as securing future employment, and are characterized by self-interest and reciprocity. Moral individualists are largely ambivalent about charities; they may give, but do not commit themselves. They are likely to use the Big Society opportunities to demonstrate their practical knowledge in managing challenging projects and to achieve social recognition in performing demanding work well. They may see themselves as productive workers, rather than as good citizens (Archer, 2007). The nature of their engagement with the voluntary sector will be limited by their desire to develop and exercise practical skills.

The third mode involves individuals whose dominant concern is values and who are sensitive to issues of injustice, suffering and oppression. They possess a sense of calling, and their attempt at holistic integration of concerns produces an eventful personal story. They are moral critics of society, who intensely scrutinize thought and action, take initiatives to promote their beliefs and values, and actively participate in civil society. Charitable causes are strongly embedded in their lives, and are seen as an opportunity to express their sympathy, compassion and justice for distant and unknown others. Their values and faith, which are an amalgam of cultural and political beliefs and ideas derived from different moral traditions, motivate their acts. Giving is thoughtful and purposeful: for instance, a person may scrutinize cancer research charities for animal testing before giving. Charitable acts, such as tithes, are seen as a matter of moral obligation towards vulnerable groups and minority causes, despite being costly to low-income donors. Moral sentiments of compassion, fairness and integrity trump class sentiments of superiority, disgust, embarrassment and guilt. Moral critics give themselves to their causes, but sometimes become dissatisfied as charities fail to meet their ethical ideals. The Big Society agenda is likely to vindicate moral critics as active citizens, who participate in civil society to pursue social change. The voluntary sector draws upon their commitment, labour, values and dynamism to achieve social justice and fairness. But they often become disillusioned by philanthropic ideals and practices, and as a result change charities at regular intervals. They are also most likely to criticize the ideals and objectives of the Big Society, finding its agenda incoherent and unsatisfying.

Biased giving and non-giving

This section focuses on how social structures and cultural ideologies can produce partial and distorted judgements (Rorty, 1998; Smith, 1976; Sayer, 2005), and how dominant moral concerns can result in biased giving, as concerns for career, family and community trump humanitarianism and social justice.

Individuals are embedded in social structures and ideologies that constitute their social position, shaping their relative capabilities and resources in society (Archer, 2000). Some groups, such as white middle-class men, have better access to opportunities than black working-class women in trying to become, say, a doctor, an artist or a social activist. It is not surprising that opportunities afforded by the Big Society will favour middle-class rather than working-class individuals. But the former will not automatically seize those opportunities, because personal reflexivity is necessary to interpret which moral concerns and commitments are important, and much endurance is needed to stay the course (Archer, 2003, 2007). Structures and ideologies are only opportunities or constraints in relation to people's goals and life projects, as discussed in the previous section.

There are two significant ways in which social structures and ideologies can produce distorted judgements on charities. First, self-deception refers to individuals who believe what they want to believe, regardless of reliable evidence that they are mistaken in their interpretations of society (Mele, 2001). Social structures and vested interests can distort perceptions and values, making it difficult for an individual to form disinterested judgements (Smith, 1976; Sayer, 2005). Self-deception is an inevitable part of our daily practices and relationships, but it can be dangerous if it develops into a damaging worldview (Rorty, 1998). For example, a wealthy accountant who sends her children to an elite private school may donate money to the private school, believing that the school will assist talented, working-class pupils to achieve academically and to facilitate greater social mobility in society.² But such action reveals the condescending class sentiments that cloud her understanding of the unjust nature of the UK schooling system. She may want to believe that she is helping talented working-class pupils, but in fact she is legitimizing her own class privileges and perpetuating class inequality. She is aware of arguments that private schools can contribute towards social inequalities, but she puts her children's interests ahead of social justice, vindicating her decision by selecting and processing information that highlights the benefits of private education. Not

² In October 2011, private and independent schools won a legal battle against the Independent Charity Commission to maintain their charity status.

unlike some progressive and affluent middle-class families, she is unwilling to sacrifice her children's future and class position for greater social equality.

Consider another example of self-deception that produces biased giving: a white British self-employed businessman may refuse to donate money to disaster relief charities overseas, adopting a policy of 'charity begins at home'. He volunteers at a local neighbourhood scheme to safeguard his community from petty crime, street violence and vandalism. He cites recent newspaper reports that highlight how governments in developing countries are corrupt and charities have huge administrative costs. He is aware of media stories of poverty, malnutrition and disease in Africa, but he brackets them to focus on how humanitarian and development aid results in corruption and waste. Although he is right to raise questions on the harm that may be caused by international charities and non-governmental organizations in developing countries (Illingworth *et al*, 2011), he is quite selective in processing information about the efficacy of international relief work. Fundamentally, he cares more for his own family and community than for distant and needy others.

The second way in which distorted judgements are produced is through moral weakness, doing the 'wrong' thing against one's better judgement (the Greek term for which is *akrasia*).³ Individuals may *prima facie* act badly, but actually act coherently in relation to a web of unarticulated beliefs, values and dispositions (Rorty, 1997; Arpaly, 2003). For example, a middle-class university lecturer may believe that giving more of her wealth away is the right thing to do, but will typically donate only a small fraction of her income. She may express *akratic* regret at her inability to act in accordance with her beliefs, and may offer an excuse for her behaviour, saying that she is no worse than the average person (Cohen, 2000). Middle-class individuals, who have become accustomed to their comfortable lifestyle and privileges, find the prospect of losing power and status too painful. Only if they are deeply committed to social justice (rather than to their career or family) will they donate a larger percentage of their wealth, willingly forsaking the benefits of a higher purchasing power. Some university lecturers, such as Toby Ord, an Oxford don, are so strongly committed to international aid that they will donate as much as 10 per cent of their income for the rest of their working life. There are also some businesspeople, such as Zell Kravinsky, who are so dedicated to social wellbeing that they have donated almost all of their wealth to charities.

³ Using judgemental terms – such as 'wrong', 'the right thing to do', 'immoral', 'bad' and 'praiseworthy' – may be regarded as out of place in a social science text, but we draw upon 'thick' ethical concepts (such as 'suffering', 'poverty' and 'harm') to describe and evaluate social practices and relationships (Taylor, 1989; Sayer, 2011). In discerning whether actions are moral or immoral, we have to contextualize people's behaviour, rather than apply abstract ethical standards.

Consider another example of moral weakness that produces non-giving: a working-class bank clerk on his way to work often passes by a homeless person begging for money. He believes that he ought to give some money, reasoning that the homeless person is a victim of a disruptive or abusive family upbringing. Despite this, he does not stop to give. He has regrets as he walks by, reprimanding himself for his stinginess. His reluctance to give can be partly explained by his frugal working-class upbringing, from which he has learned to spend and give carefully. But the truth is that he does not care enough for the homeless person to stop to give. He is more focused on getting to work on time and getting a promotion, than on correcting social injustices.

Conclusion

Everyday morality and dominant moral concerns shape charitable giving in two ways. First, we are reflexive and evaluative beings, who deliberate upon moral concerns and commitments, navigating our way through the world, distinguishing right from wrong and just from unjust. Such evaluations involve thick ethical descriptions, grounded in concrete and everyday experiences, enmeshed in a web of social relationships and entangled in a world of multiple concerns, commitments and attachments. Judgements and sentiments also relate to our human nature as vulnerable, needy and dependent beings, requiring a range of goods to achieve well-being. We have real or imagined conversations about how to pursue our moral concerns and how we ought to live. This paper has suggested three modes of moral reflexivity on charitable giving, based upon the dominant moral concerns and commitments of individuals: first, moral conventionalists, who value family and friends, focus on charity events as an opportunity to socialize and to have fun with others; second, moral individualists, who value work and career, emphasize charitable practices as performative acts that demonstrate their practical knowledge, competence and skills; third, moral critics are deeply committed to values and faith, reflected in their pursuit of moral ideals in charitable causes.

The other way in which charitable giving is shaped by these dominant moral concerns is that they can distort ethical evaluations, resulting in class and distant 'othering' and a neglect of care responsibilities. Class and parochial judgements can skew charitable giving, trumping sympathy and impartiality with their interests, causing individuals to misjudge charity receipts and organizations (self-deceptive actions) and to lack the moral will to give to good causes (*akratic* behaviour). In addition, social structures and cultural ideologies can nurture

and distort moral sentiments, judgements and responsibilities, enabling and inhibiting charitable giving.

One implication to be drawn from this for the Big Society project is that it cannot be assumed that individuals who participate in the Big Society initiatives will necessarily have similar concerns and commitments – rather, their participation will depend on their dominant moral concerns. For moral conventionalists, who are passive citizens, participation will be spatially and socially limited to local and family issues, such as school fetes, children's clubs and neighbourhood schemes. Moral individualists' engagement with the voluntary sector will be minimal: they will aim to use charities for instrumental reasons, such as career development and social recognition. And moral critics, who are deeply committed to social change and justice, will bring ideals, energy and dynamism to civil society, but they will also become disappointed with how charitable organizations operate.

Another implication is that the Big Society's vision of the good life is couched in ideas of social entrepreneurship, mutual reciprocity, community participation and localism that appeal to moral individualists and conventionalists, who ironically have the least to contribute to civil society. Those individuals, such as moral critics, who actively participate in creating a good society, usually have a richer ethical conception of human wellbeing that informs and motivates their evaluations and practices.

5 Unmasking the institutional formations of giving

Iain Wilkinson

The May 2011 Giving White Paper declares a concern to 'engage people at different life stages – from primary school children to pensioners' and to create 'sustainable social norms around giving' (HM Government, 2011: 9 & 32). Schools, universities, the workplace and the activities of those who are newly retired are all identified as key sites for the introduction of initiatives to 'celebrate' and 'encourage' giving. In this regard, it opens the door to a sociological approach to understanding how people are disposed to give their time and money to philanthropic and charitable causes. It also, however, quickly abandons the attempt to think sociologically about how this might be achieved. This chapter offers a brief sociological critique of the ways in which the White Paper conceives the task of building a giving society. It further moves to outline an alternative approach that does not focus on how people might be 'nudged' into giving by smart informational pitches but, rather, concentrates on the project of making giving a social norm and socializing force in everyday life.

A giving society, or individuals who give?

For the most part, the White Paper focuses on the problem of incentivizing individuals to give to society rather than the task of creating a giving society. The possibility of investigating the social arrangements that make giving a normative practice is sidelined in favour of an approach that prioritizes the issue of how individuals might be petitioned to give more. Accordingly, we are advised that the disposition to give comes from being prompted by information about

people's needs that is of good quality and easily accessible, and that it is the role of government to encourage giving through tax incentives and offers of matched funding. More immediately, it is suggested that it is by interacting with individuals through their mobile phones, by pop-up windows on webpages and their fleeting contact with automated teller machines that it may be possible to make giving easier and ever more 'compelling'.

Much academic research focuses on how the act of giving is a product of individual attitudes, personal dispositions and rational choice. Economics and psychology dominate the field of giving research; in this respect, it is largely assumed that individuals are more likely to be persuaded to give to others if they are targeted with a better quality of information, or by strategic interventions in the immediate environment that condition behavioural responses. It is generally held that, although some are more altruistically inclined as a matter of temperament, it may still be possible to solicit an active concern for others either through a carefully crafted appeal to a person's caring instincts or by providing them with a credible cost-benefit analysis of what might be achieved through their acts of generosity. In this setting, matters of 'social identity', 'social role', 'social solidarity' and 'social life-course' tend to be almost entirely airbrushed from view and, certainly, are not accorded privileged status as components of human experience that set the parameters for established patterns of giving in society.

Who gives in the UK?

As far as the United Kingdom is concerned, a considerable amount of information is available on the social characteristics of the people who are most likely to give their time and money to charitable and philanthropic concerns. There are also well-established patterns of giving that mirror people's social associations, networks and commitments. We know that age, gender and socioeconomic class are significant variables when it comes to determining who is most likely to give, how much they are likely to give and what they are inclined to give to. Generally speaking, upper-middle-class women aged 45–64 are most likely to give, while young men aged 16–24 have the lowest rates of giving (NCVO/CAF, 2010: 15–17 & 33). In aggregate terms, medical research, children's charities, overseas aid and hospitals receive the most charitable donations, but the largest donations from the wealthiest members of British society are given to charities working in higher education and the arts and culture (CPHSJ/Coutts, 2010). Such patterns indicate that both the disposition to give and also the favoured objects of charitable concern are

shaped by socioeconomic structures and cultural forces. They lend weight to the suggestion that to better understand how individuals are inclined to give we should attend to how society is made for them and how their giving is shaped through ritual processes of social interaction and cultural exchange.

For example, it is already well recognized that there is a strong association between church membership, the frequency of church attendance and giving. Indeed, a recent review of the research literature on giving highlighted this as one of the most frequently documented findings in cross-national attempts to understand giving trends (Bekkers and Wiepking, 2007). Such a finding suggests that our research attention should not be brought so much to the individuals who are inclined to attend church, but rather to the quality of the social experience that they are subject to when interacting with other churchgoers. The finding calls for not only a critical focus on the occasions when individuals are presented with information on charitable needs or discrete moments when they are prompted to give, but also an attempt to understand the textures of the social life in church that make giving a normative practice. In such settings the act of giving cannot be abstracted from wider processes of moral belonging, cultural identification and social connection.

Building social institutions that dispose people to give

The pioneering sociologist Emile Durkheim argued that our reasoning, moral orientation and emotional experience were all heavily conditioned by the quality of our social attachments and commitments to others. In this respect, he held that we should regard the disposition to care for people's needs (and how we are inclined to care) to be more a product of social solidarity than a matter of personality type. He argued that a sympathetic orientation towards human suffering was part of the social psychology of modern societies, and further, that this moral disposition could be institutionally harnessed and strengthened through collective rituals and coordinated social practice. At the same time, however, he left many unanswered questions with regard to the practical measures that are best suited to achieve this (Durkheim, 1957).

We may now be in a position to advance this project. Social distributions of giving behaviours and giving trends may be taken as a cue for us to work at understanding the institutional arrangements and social pressures that givers are made subject to, and how the disposition to give is a result of their embeddedness in social institutions. Beth Breeze provides us with some insights into the motives that prompt individuals to give to charity (and how these set priorities for their charitable concerns), while also beginning to

expose the extent to which giving takes place as a matter of institutionalization and social routine (Breeze, 2010). People's self-reported reasons for giving to charity frequently relate to events and situations where opportunities for being generous towards others are presented to them as a normative expectation in everyday life. For the most part the decision to give to charity does not come at the end of a process of rational deliberation but, rather, is prompted by social routines and moral commitments of family and occupational life. It is both a social and inherently socializing activity. People can be moved to give through their involvement as parents in their children's school (eg cake sales for the school), in 'team-building' exercises in the workplace (eg fundraising for a 'charity of the month'), through their leisure activities (eg visiting English Heritage properties) or because the opportunity to give is blended with shopping (eg Waitrose charity tokens or purchases from Oxfam shops). It is also when critical life events such as the birth of a child or the illness of a family member immerse individuals in the social life of caring institutions that they are set to acquire a passion to make hospitals and hospices their charitable concern.

The project of building a society of givers should begin with a concerted attempt to engage with the task of understanding how people are inclined to act generously as a matter of social routine. We should be aiming to document and understand the day-to-day contexts, life events and institutional processes in which giving is made a social norm and is adopted as a socializing activity. This is to draw the focus of policy debate away from 'magic bullet' initiatives aimed at provoking disparate individuals into giving to society, and towards investigating the types of social arrangements in which individuals are made to be generously disposed to others. It is by enabling the creation of social institutions that dispose people to give that we might work at refashioning society in forms that promote care for others.

Section C
**Distribution
of resources**

6 Charity and social redistribution: the question of 'charity deserts'

John Mohan

Variations in the distribution of charitable resources

Several prominent commentators exhibit a shared interest in geographical variations in the availability of charitable resources between communities, historically and today. John Stuart Mill (1848: V.11.47) suggested that charity 'lavishes its bounty in one place and leaves people to starve in another', and Aneurin Bevan (quoted in Mohan, 2003) claimed that owing to the 'caprice of charity', the availability of hospital services prior to 1948 was unsystematically related to need.¹ A concern with the distribution of charitable resources has been evident in recent Conservative Party thinking. For example, a Green Paper (Conservative Party, 2008: 29) proposed that support was needed to establish organizations in 'charity deserts'. Initial thinking on the Big Society programme revealed no direct references to charity deserts, but there were proposals to stimulate the creation and development of neighbourhood groups, for example by a programme of neighbourhood grants to the poorest areas. The intention of the Community Organisers' programme was also to stimulate the capacities of voluntary organizations (Conservative Party, 2010).

What does the evidence suggest about variations in the distribution of charitable resources? Maps of the distribution of registered charities (Mohan and Rolls, 2006) show clear contrasts (in terms of ratios of organizations to

¹ For those with historical interests in the development of hospital provision, a substantial database was created with support from various grants provided by the Leverhulme Trust (1996–9; 2000–02) and ESRC (2002–03); a grant from the Wellcome Trust's Research Resources in Medical History programme supported the creation of an online version of the database, from which statistics can be downloaded: see www.hospitalsdatabase.lshtm.ac.uk

population) between southern and rural areas, where charities seem to be plentiful, and the former industrial north. But these do not provide a good guide to variations in the distribution of charitable resources between communities. The intention of this paper is to show how such variations might be analysed, the better to highlight challenges for the enhanced role of charity in meeting social needs that is implicit in the 'Big Society' concept.

Using the term 'desert' might imply a total absence of organizations or activity. In fact, there are very few areas in which no charities are registered, but there are substantial variations between places in the numbers and types of charitable organizations. For example, 30 per cent of the population of England lives in areas where the ratio of charities to population is, on average, less than half the national figure. Such indicators tell us where organizations are located, not where they are carrying out their activities, so one way of assessing the distributional effects of charitable activity is to look at local variations in expenditures. Clearly, attributing all spending by charities to the geographical areas in which they are located is problematic but a finer-grained understanding of the pattern of expenditure by charities can be obtained in several ways. At the University of Southampton work is being conducted, with funding from the Centre for Charitable Giving and Philanthropy (CGAP), to develop these.²

Comparing charitable expenditures between communities

For named organizations, three sorts of information, derived from administrative sources such as the Register of Charities, may be used to reapportion expenditures between communities. Charities may specify their 'area of benefit' in their governing documents, which provides one source of information. Some areas of benefit are interesting historical curiosities, such as the boundaries of ancient parishes, but in many cases there is still sufficient information to allow us to work out the areas in which charities must spend their resources. As a second source of information, one can work with charities' 'area of operation' (a field in their return to the Charity Commission, which describes the local authority areas in which charities are active). Both of these approaches can be used, where data is available,³ to reapportion charitable expenditures between areas. And, for a third sort of information, large charitable organizations employing staff

² See www.cgap.org.uk/about-cgap/spoke-2--kent-southampton.html for further details. The focus of this work is on the general question of charity and social redistribution. In relation to the topic explored in this chapter, work is progressing on methodologies for regional and local assessments of variations in charitable expenditures, and also long-run changes in the distribution of the pattern of registered charities.

³ By no means all charitable organizations specify an area of benefit (AOB) or report an area of operation (AOO); some provide information on both, one or the other, or neither of them.

feature on the government's Interdepartmental Business Register (IDBR).⁴ It is therefore possible to identify the distribution of establishments with employees and reapportion expenditures accordingly. The effect of such exercises can be to redistribute several hundred million pounds of expenditure by charities (this does not mean that this is all resourced from charitable sources), thereby boosting our estimates of charitable activity in some areas and reducing them in others (Kane and Clark, 2009). For example, some £300 million of expenditure by charities in north-east England is attributable to organizations which have their headquarters outside that region.

Other methods would look at variations in the resources available to individual organizations rather than the aggregate of all expenditures by charities in a defined geographical area. For example, comparisons of the median expenditures of charities within regions or local authorities give figures which demonstrate variations in the size of a 'typical' charity by region. It can also be demonstrated that there are more large charities in London and the south-east than in other regions – the north-east, Yorkshire and Humberside, and the north-west have relatively few large charitable organizations. In such areas the influence of recent funding initiatives (such as the National Lottery) and policy under the Labour government is clear – several of the largest individual organizations might well not have been established otherwise (Kane and Mohan, 2010). In fact, outside London, the largest single element of charitable resources in some regions takes the form of charitable grants for research to universities (mostly to medical schools).⁵ One might also look at variations between similar types of organization in different places – it's not difficult to demonstrate substantial variations in resources available to commonly occurring types of organization (for example, village halls, scout groups, community centres) between communities.

Relationship between charitable expenditures, public service provision and reliance on public funding

So far, the emphasis has been on the relative scale of charitable expenditures; an alternative perspective can be provided by narrowing the focus and looking solely at the relationship between charitable fundraising and public service

⁴ This is now known as the Business Structure Database and is compiled from records of organizations that have a turnover which exceeds the VAT threshold and which are part of the PAYE system; for more details, see Kane and Clark (2009). This includes several thousand of the largest charities.

⁵ Calculated from HEFCE statistics on the distribution of their charitable multiplier, which is allocated to universities in proportion to the amounts received from charities in support of research.

provision. For instance, if one considers small registered charities such as parent-teacher associations (PTAs), established to support individual schools, there are large gaps between the resources available to schools in disadvantaged areas and those in more prosperous areas. Reich (2006) has argued that this is a potential source of inequality since, relative to the number of pupils at individual schools, the funds made available in this way can be quite large. The development of the pattern of charitable funding to support NHS trusts offers another example of the distributional consequences of charitable activity. Since 1980, when restrictions on charitable fundraising by NHS authorities were relaxed, a large number of charitable appeals have been launched (Pharoah and Mocroft, 2001; Mohan and Gorsky, 2001). It is the large specialist institutions in London and elsewhere that seem to have captured the public's imagination. In contrast, NHS trusts dealing with less popular causes, such as mental health, have found great difficulty in attracting philanthropic support.

An alternative source of information on the distributional effects of charitable expenditure is anonymized survey data from the National Survey of Third Sector Organisations (NSTSO), in which respondents are asked about the geographical scale of their operation.⁶ About 45,000 charities in England say they operate at the neighbourhood scale, but there are far fewer such organizations in the most disadvantaged areas, and those that are there tend to be much more reliant on public funding; they are also more likely to be working with client groups who are particularly disadvantaged, such as refugees, asylum seekers, ex-offenders, those with mental illness (Clifford, 2012). Information is also available on sources of income, which shows that, if consideration is given only to those organizations that do not receive income from the state, it is evident that the great majority of charitable organizations are located in well-off areas in the prosperous south-east of England. Clearly, those organizations that receive public funding are not going to lose it all overnight, but these patterns are an indicator of what might happen were charities to rely solely on voluntary income.

Turning charity deserts green

This emerging evidence is relevant to the 'Big Society' agenda, which entails a greater role for charity in meeting social needs, in three respects. First we require a better understanding of capacity and resources – does the

⁶ The survey data relates to 149 local authorities in England, and information is also provided for the level of deprivation of the census output area in which the respondent organization is located. It is therefore possible to estimate, for each local authority, how many people live in areas with a given level of deprivation, and calculate ratios of organizations to population accordingly.

distribution of charitable effort operate to the benefit of communities that are already well resourced? Second, at a time when there is greater emphasis on charitable fundraising to support public services, we also need a better picture of the complementarity (or otherwise) between private and public action; understanding of the current pattern may provide guidance for future development. Charitable resources may give individual institutions a competitive advantage in public service markets, to the detriment of more needy communities or institutions. Third, funders need a better picture of the existing distribution of resources. There are now spatially targeted policies in organizations such as the government-funded Community First programme, or the Big Lottery Fund's Big Local Trust, which are predicated on the accurate identification of areas of need, according to various criteria specific to each fund. It will be interesting to explore the extent to which the pattern of charitable resources develops in response to such initiatives.

It's probably worth remembering, though, that deserts are generated by long-term climatic change. Irrigating them requires vast amounts of water over a very long time period. When philanthropic receipts flattened out in the inter-war period (Gorsky *et al*, 2002; Mohan, 2006), the voluntary hospitals discovered a substantial new aquifer in the form of mass contributions from working people (Gorsky and Mohan, 2006), although these had a quasi-insurance character. Closure of the manifest gaps that were left by the pre-NHS charitable hospital system (rates of use of voluntary hospitals⁷ varied five-fold between local authorities: Mohan, 2003) took decades of sustained public intervention (Mohan, 2002). The charitable climate is also relatively stable – the most reliable long-term evidence on the amount of money donated to charity, drawn from US taxation statistics, suggests that the proportion of household income given to charity has varied very little over most of the twentieth century (Mohan and Wilding, 2009). Charitable initiative is certainly important but, both historically and in the present day, there are question marks about its ability to reach the most needy communities. And effecting a sea change in the propensity of the public to support charities, as envisaged by the Giving White Paper (HM Government, 2011), is likely to be a long game.

Acknowledgement

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⁷ The numbers of patients treated in voluntary hospitals expressed per thousand of the population.

7 Exploring charitable resources in areas of affluence and areas of deprivation

Rose Lindsey

Neighbourhood variation in charitable resources

The Cabinet Office (2011) describes the 'Big Society' as a framework of initiatives and legislation which will give neighbourhood groups new rights and powers to act on behalf of their community.¹ At the heart of the Big Society is the notion of the spatially located, neighbourhood community as a voluntary resource. As Mohan (2012), however, observes, a 'strategy based on neighbourhood-level organizations starts from a very uneven base'. Given the importance of community to the Big Society agenda, it is surprising that 'The issue of geography and, most critically, the spatial social and economic divides in the United Kingdom is given almost no mention in policies emanating from the Big Society' (Wells, 2011: 53). The results of recent comparative research into the geographic distribution of neighbourhood charitable resources in England, described below, reinforce the importance of considering geography in the implementation of the Big Society vision. This research suggests that, although affluent communities are very well resourced to meet the challenges of the Big Society, deprived communities have substantially fewer charitable resources on which to draw.

For reasons explained in Mohan's contribution to this volume (Chapter 6), tracking flows of charitable funds into communities is not straightforward, and until very recently there has been an absence of empirical work exploring variation at the local, neighbourhood level. However, Clifford (2012)

¹ For example, 2011 Localism Act, 2011 Open Public Services White Paper, 2010 Public Services (Social Enterprise and Social Value) Bill.

demonstrates that less-deprived local areas have a much higher prevalence of voluntary sector organizations than more-deprived local areas.

The qualitative study described in this paper contributes further to an understanding of local and neighbourhood variation in charitable resources. This research project explored the differences in charitable resources between two contrasting neighbourhoods that lie within three miles of each other in the same local government district in south-east England, investigating not just the organizations registered to these areas, but also organizations registered outside the case study areas, but known to be operating within these areas. One neighbourhood (among the top 20 per cent most-deprived areas in the country) is dominated by social renting and high levels of reliance on state benefits. The other (one of the top 20 per cent least-deprived in the country) is a prosperous village with high levels of owner occupation and high proportions of retired people.²

A mixed-method approach was taken, combining a desktop analysis of available accounts and annual reports of all the registered charities within the chosen case study areas alongside 43 (to date) semi-structured interviews with stakeholders and the managers, or chairs/treasurers, of a cross-section of registered charities.

The local charitable sector: run from inside or outside the community?

The project found that about three times as many charities provide benefit to the more affluent case study area as do to the very deprived area. Most of the charities registered to, and operating in, the affluent case study area are run on a voluntary basis by local residents who are actively involved in these charities. These charities, which have a range of ages, are relatively small in terms of their income/expenditure, and meet a range of needs that include addressing social isolation, community development, cultural and intellectual stimulation and mutual social benefit for members. The range of charities includes PTAs, a museum, church charities, a stroke club, friends of a cottage hospital, a community centre, a community hall, a Women's Institute, and two Universities of the Third Age. The majority are not in receipt of statutory funding, but are funded through local donations, well-supported fundraising events, and legacies, and tend to be run by retired people.

In contrast, only a third of the charities operating in the deprived area are run by local residents who are actively involved in these charities. These are

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² The case study areas have been anonymized.

small charities that are not in receipt of statutory funding. The needs they set out to meet are largely related to education and social isolation, and include charities such as scouts, pre-schools and lunch clubs for the elderly. Most of these charities date from the 1960s and 1970s; more recently set-up charities have proved to be less sustainable.

The remainder are well-established, larger charities, run by professionals from outside the community, and predominantly reliant on statutory funding. The majority of these meet urgent social needs related to deprivation. Their managerial styles of practice, heavy reliance on statutory funding, and the influence of statutory funders on many of their practices, are relevant to debates on managerialism and state funding in the voluntary sector (see, for example, Salamon, 1992 and 1999). Although these charities are applying solutions from outside the locality, their success – evidenced in their sustainability and the acceptance and engagement of service users and local residents – provides them with organizational identities that appear to have a very local core; they appear to be embedded within the community. Stakeholders and charity managers attributed their successes in working with this community to: good inter-organizational networking and collaboration; consultation with service users; responsive, diverse, and proactive attitudes to need; risk taking; delivery of service-related promises to the community; and offers of apprenticeships to young local people.

However, some respondents observed that community engagement with the local charitable sector is threatened by the activities of charities and agencies that identify and compete for opportunities in 'deprivation funding' without any understanding of, or engagement with, the local community. Respondents also expressed concerns that the short-term nature of funding initiatives and an associated lack – on the part of participating, funded organizations – of effective exit strategies and legacy provision have left the deprived community with a distrust of outsiders and new projects that are 'helicoptered into the area'³ by statutory funders, but which disappear overnight once the money runs out.

The statutorily funded charities that provide essential social services to the deprived community are currently vulnerable to the reductions in funding that arise from austerity measures, thus exposing the community to a potential reduction in the provision of vital services. The threat to this particular community is unlikely to be an isolated example of services at risk. Work by Clifford *et al* (2010) demonstrates that registered charities operating in deprived areas are

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³ Here, and elsewhere in the paper, reported speech and direct quotes are drawn from interviews with charities based or operating in the case study areas.

more likely to be in receipt of public funding. Although Clifford *et al* does not correlate funding source with the type of services provided, common sense suggests that there is a high likelihood that these charities provide essential social services to the communities in deprived areas.

Who participates in local charitable activity?

Despite the various difficulties that stakeholders, local politicians, agencies and charities have faced in sustaining funding sources and gaining acceptance from the community, these groups have worked to drive forward a vision of 'aspiration and excellence' for the area.⁴ This is evidenced in a local education charity's mission to give children and young people 'unique opportunities' that children from their socioeconomic background would not normally have. It is also embodied in an arts charity that was initially set up with Single Regeneration Budget (SRB) funding – in an area that focuses on what it *needs to have*, rather than what it would be *nice to have*, this charity represents an anomaly that enables community access to cultural enrichment which is readily available in the affluent area.

The drive for aspiration and excellence, and for physical legacies arising from this mission, has not, however, come from within the local community. It derives from the agencies, politicians, leaders of charities, and other stakeholders serving the community. Few of the individuals driving forward this policy live in the community which they serve.

The residents of the deprived case study area do not lack a sense of identity or community. In the 2008 Place Survey Report for the local authority the area scored highly on sense of belonging. Yet, although local members of the community tend to engage with established agencies and charities that provide services to them, respondents reported that participation in formal volunteering, informal voluntary activities and local decision making is low, and tends to relate to single-issue events. This lack of local participation was linked, by interviewees, to low incomes, 'chaotic lifestyles', and a lack of confidence, skills and experience in the deprived community, which has only a small core of people (most of whom are retired) who are actively involved in local charitable and community activity.

A local church leader, living and working in the community, believed that informal participation in small voluntary community-help groups like 'Good

⁴ See Lepine *et al* (2007) on how these partnerships are effective methods of neighbourhood policy setting and governance.

Neighbours' has grown over the last five years, in the absence of area-based funding, but noted an inability to lead or take responsibility within the community:

So I think there's a bit of a reluctance to take responsibility, and a bit of reluctance to clash with authority in any sense, be that the charity commissioners or the borough council or the taxman or whatever it may be. I think that shying away from authority is a bit of an issue.

This collective reluctance to lead or to take responsibility means that community reliance on professionally run, statutorily funded services and agencies to make decisions for, and solve the problems of, the community is inevitable. This resonates with Lawless's argument that:

The whole notion of coherent, identifiable, spatially defined communities is debatable; there is no guarantee that locality-based activities will 'bring together' residents: most people in deprived communities do not get involved locally, even within the context of well-funded ABIs [Area-Based Initiatives]: they have other priorities. (Lawless, 2011: 59)

How sustainable is local community and charitable activity?

Respondents reported that rather than focusing on the improvement of their community, the key aspiration of many residents from the deprived area is to leave the area, resulting in the regular loss of the more successful and more able from the community. By contrast, the more affluent case study community has a wealth of people with project-management skills, time, funds and confidence who can contribute to the needs of their community.

These differences present a substantial challenge to the area of deprivation, if there is an expectation from central and local government that volunteers should shoulder the burden of public expenditure cuts, use community and charitable resources to bridge the gap between need and provision, and take up the 'gauntlet' that represents the Big Society. Rather, the evidence from this research study illustrates Salamon's (1987) concept of 'philanthropic insufficiency' – the inability of voluntary effort alone to provide services on a universal basis and to reach communities in greatest need.

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8 Donor and governmental perceptions of philanthropy

Beth Breeze

Philanthropy is, and always has been, supply led rather than demand driven: the freedom to distribute as much as one wants, to whom one chooses, is what distinguishes giving from paying tax. Yet the depiction of philanthropy in governmental documents often underestimates its subjectivity and complexity. Take, for example, this statement from the Giving White Paper:

We believe that everyone can make a difference. So we want to empower and encourage more people to get involved, support each other and create the change they want to see. (HM Government, 2011: 8)

Such a statement raises many questions: Who wants to make a difference, and to what? Who wants to get involved, and in what? Which people are interested in supporting which other types of people? Do all donors want to create change, or are some indifferent to change, or indeed seeking to resist change?

This article draws attention to the differing perceptions of philanthropy held by donors and by policymakers, and suggests that those promoting philanthropy from within government are failing to take full account of the philanthropists' perspective. It notes the central role that donors' tastes, enthusiasms and opinions play in giving decisions, and argues that both advocates and opponents lack precision in their conceptualization of philanthropy. Findings from research into donors' accounts of the purpose of their philanthropic acts are presented and discussed as an alternative approach to understanding the enterprise of philanthropy and its potential contribution to the Big Society. Donors have no privileged claim to know 'the

truth' about the meaning and purpose of philanthropy, but an exploration of their intimate engagement in, and commitment to, philanthropy can provide deeper insights into the likely outcomes of policies aimed at a generalized expansion of philanthropy.

Perspectives on philanthropy

Philanthropy as a concept attracts praise and criticism but rarely indifference. Media coverage of the wider charitable sector continues to be characterized by a 'combination of indulgence and neglect' (Deacon, 1999: 59), but the press treatment of charitable donors often strikes a more negative tone, especially with reference to richer givers. This is partly because media focus is concentrated on wealth and celebrity at the expense of substantive discussions of philanthropic activity, and partly because of the confused characterization of philanthropy, which is simultaneously viewed as an expectation and eccentricity of the rich, from which donors can gain both authority and contempt (Breeze, 2010a). These incoherent and contradictory representations reflect public ambivalence about philanthropists, and result in the complex and confusing character of philanthropy in contemporary UK society.

In contrast, within current political and policymaking circles, philanthropy is viewed as an uncomplicated and unproblematic 'good thing' that warrants encouragement through legislation, exhortation and celebration. From the coalition's founding document (Cabinet Office, 2010) to the Giving Green and White Papers (HM Government, 2010 and 2011) to the steady stream of papers, speeches and comments emanating from departments including the Department for Culture, Media and Sport, the Department for Communities and Local Government and the Department for International Development, there has been a constant refrain that 'giving is good'¹ and a consistent assumption that stimulating all types of giving by any sort of donor will inevitably lead to stronger communities and a 'bigger' (and implicitly 'better') society. Yet Pharoah (2011: 66) notes, 'while there are clear expectations that giving and philanthropy will play a role in Big Society, there has been little "fleshing out" of what this might mean in material terms'.

¹ For example, 'We believe that giving is good. It offers benefits for everyone.' (Cabinet Office, 2011: 8).

The donors' perspective

In order to 'flesh out' what donors mean by their giving and philanthropic activities, and in particular to elicit their views on the extent to which donations are considered a way of meeting needs, tackling inequalities and strengthening society, interviews were conducted with 60 committed donors, recruited with the assistance of CAF (Charities Aid Foundation). Interviewees reiterated the widespread view that charities' prime purpose is to help the needy (see, for example Fenton *et al*, 1993; Hilton and McKay, 2011: 20). As Reich (2006: 27) states:

The quintessentially philanthropic act – and the virtue in the philanthropic act – is generally thought to consist in providing for the poor or disadvantaged or attacking the root causes of poverty or disadvantage.

However, our research finds that individual decisions to support particular causes and charitable organizations are driven more by donors' personal taste and preferences than by their assessment of the needs of potential beneficiaries or wider society. For example, one donor described appropriate charitable beneficiaries as 'people who are hard up in this country and people who are hard up abroad', before explaining that he supports railway restoration projects:

I feel it's worth keeping them going as sort of something this country has been able to do in the past and is still quite good at doing now . . . I did put a rather large sum into helping to buy and restore an old Victorian steam engine . . . I hope maybe when it gets going I might be allowed to stand on the footplate and blow the whistle! [*laughs*]

This 'hobbyist' approach recurred frequently in interviews. Another interviewee said:

I donate to the RSPB [Royal Society for the Protection of Birds] because bird-watching is one of my great obsessions. It's my, kind of, my treat to myself if you like.

Leisure interests that involve preserving our heritage and protecting the environment have a clear public benefit, but interviewees were disarmingly honest that personal taste is a key consideration in making giving decisions, above and beyond any objective consideration of the needs of beneficiaries or the impact on society. These more arbitrary and personal factors that lie behind the allocation of philanthropic resources are encapsulated in this comment:

I would support deserving dogs but I wouldn't support cats [*laughs*]
because I just happen not to like cats. It's as silly and as simple as that.

Philanthropy and the Big Society

As voluntary contributions amount to around £11 billion a year (CAF/NCVO, 2011) and constitute essential funding for an enormous range of important activity across the country, there is clearly nothing 'silly' or 'simple' about the net result of giving decisions. But, as has been argued in the US context, the entirely voluntary and supply-driven nature of philanthropy means that:

Charitable donations find their way to grantees through a haphazard combination of luck, charisma and razzmatazz that is poorly suited to the importance of their work. (Goldberg, 2009: 29)

The cumulative philanthropic impact is a result of millions of micro-decisions with variable (or, indeed, no) relation to macro-level pronouncements about 'mak[ing] our communities stronger' (HM Government, 2011: 4) or creating a Big Society in which people 'come together, solve the problems they face and build the Britain they want' (Cabinet Office, 2010).

Philanthropy by the many and the monied

The notion that all giving is aimed at creating equal social value sits alongside the long-standing rhetoric that all givers are of equal importance, as manifested in talk of the 'democracy of giving' (Home Office, 2005), which sought to stimulate giving by the many, as well as by the monied. However, most policy initiatives have been – and continue to be – targeted at the wealthiest members of society who have the greatest capacity to make large donations. For example, recent tax incentives have been targeted at the small slice of the population eligible to pay inheritance tax² and the even smaller sliver of the population with the capacity to donate 'pre-eminent works of art to the nation'.³ In addition to the targeting of certain types of donors, other recent proposals have been targeted at particular types of cause, such as the £55 million matched funding to help arts and heritage organizations build endowments, which are likely to result in disproportionate benefit to richer donors, who already favour these causes more frequently than the general public (Breeze, 2010b; Pharoah, 2011: 73).

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² Inheritance tax is paid only by those whose estate is valued in excess of £325,000 in the 2011–12 tax year.

³ See, for example, information on HM Treasury website: www.hm-treasury.gov.uk/consult_gifts_art.htm

Philanthropists and the Big Society

Other research involving interviews with donors making gifts worth £1 million or more finds a similar absence of connection between larger philanthropic acts and governmental encouragement that 'giving' is intrinsically good, and finds no basis for the assumption that private giving inevitably interacts harmoniously with governmental priorities (Breeze, 2009, 2010b, 2011). For example, a donor involved in distributing his family's inherited fortune, describes his philanthropy as a reaction to the political sphere:

My interest in, and passion for, the work of our [family] foundation does not stem so much from a desire to 'do good' but from the anger that I feel at the lack of leadership and action amongst our policy makers tackling these issues, and from a deep-seated wish to help bring about change in the right direction. (Breeze, 2009: 16)

Some donors do seek to 'nudge' government into providing greater support for certain spending areas, but many interviewees of all wealth levels were found to be keen that their donations should not become a substitute for public spending. This is especially relevant in the areas of welfare, which is widely viewed as the primary responsibility of government rather than private donors (Taylor-Gooby, 1993: 11). Concerns about 'additionality' are clearly expressed in this quote from a major donor holding entrepreneurial wealth:

There was a time when I pulled right back from giving . . . when a lot of government money flooded into the type of organizations that I'd been supporting and I worried that it didn't matter whether or not I gave, because it would get funded anyway. (Breeze, 2009: 17)

Donors making more modest contributions are also keen to ensure that their donations enhance, rather than replace, other sources of funding. For example, one interviewee from the study conducted with CAF stated, 'I hate to think that we're doing things that the government ought to do'. However, despite widespread aversion to 'crowding out' public spending, donors' taste for supporting a cause can override such calculations, as one donor explained: 'With things like the British Library, I mean they're quite well funded but it's just something I believe in'.

The finding that donors are motivated by personal tastes, and by the desire to create change above and beyond what would have been, or should have been, funded by other sources, has implications for the role that philanthropy might play in funding the Big Society, particularly in a period of

public spending cuts. The expectation that philanthropy will rise up to 'plug the gaps' needs revising in the light of findings that donors across the wealth spectrum have different – and arguably higher – expectations for their charitable contributions than 'gap plugging'.

Conclusion

Policymaking around philanthropy and the Big Society appears to be based on a particular interpretation of philanthropy as an uncomplicated and inherently positive act that is necessarily concerned with building stronger communities and a 'Big Society'. Donors, meanwhile, view philanthropy as a subjective and intensely personal practice that creates varying quantities of public benefit alongside private benefits. These competing conceptions of philanthropy are an example of what the philosopher Alfred North Whitehead (1997) identified as a 'fallacy of misplaced concreteness' – also known as the 'reification fallacy', in which abstract concepts are mistakenly viewed as a concrete reality. Politicians and policymakers may hope or believe that philanthropy is a singular and positive concept that can unproblematically serve the Big Society agenda, but in reality philanthropy is complex, subjective and multifaceted. Its qualities are abstract, not concrete, and it cannot easily be hitched to any particular political programme. Clearly, those whose beliefs cast philanthropy and philanthropists in a purely negative light commit a similar fallacy, which is equally removed from the donors' perspective. Policymakers, practitioners and media commentators would all benefit from understanding the more equivocal outlook of givers, who resist the notion of giving as a substitute for public spending and who acknowledge the vagaries involved in making philanthropic choices, which are the result of the dominant influence of personal taste and preferences as a driver of giving decisions.

9 Business and the Big Society

Matthew Bond

A notable feature of the Big Society is the means proposed to achieve social ends. Rather than going down the compulsory route of tax and regulation, the coalition government intends to 'catalyze a culture shift that makes social action a social norm' (HM Government, 2010: 4). This thinking reflects traditional Conservative scepticism about the state's ability to achieve social aims, but at the same time it rejects the individualistic approach to social problems favoured by the last Conservative government: state-led solutions are coercive, clumsy and bureaucratic, but they are responses to real problems. It has to be said, though, that these types of ideas do not have an exclusively Tory pedigree. Blue Labour (Glasman *et al*, 2011), for example, argues for community-based alternatives to Fabian, state-centred approaches. Despite similarities, however, political parties differ on which side of the industrial divide they believe is best able to deliver their visions: business for the Big Society and organized labour for Blue Labour.

Business has been given a large role in the effort to build the Big Society and to increase charitable giving. To evaluate the likelihood and desirability of its acting the part envisaged by proponents of the Big Society, some of what we know about existing corporate 'social action' needs to be considered, with specific reference to corporate philanthropy. The Prime Minister asked business to make 2011 the year of corporate philanthropy, and the Every Business Commits initiative lists areas where business is expected to contribute to the broader social good in exchange for more business-friendly policies (Cameron, 2010). The government's approach is to work with the grain of business's

existing social and philanthropic behaviour but to make it more effective, more efficient, greater and entrenched.

Implicit in the government's offer is the existence of a business community capable of responding. It may be in a ragged state after a global economic crisis and 13 years of a centralizing Labour Government, but it's still fit to deliver vital social goods ranging from reduced carbon emissions to greater support to employees in voluntary services. While far from the ideal future envisioned by Big Society supporters, the business community already engages in a wide range of activities with broad social benefit.

The remainder of this section uses the author's and others' research to reflect on two factors central to the Big Society vision:

- the role of social factors in corporate social action
- the ability of government to make corporate philanthropy less instrumental

Corporate philanthropy as community action

As noted above, the Big Society is about state engagement with community actors in order to spur them into greater levels of social action. The focus on community in supporting corporate philanthropy has backing in the social scientific literature. Joseph Galaskiewicz, in his pioneering book, *Social Organization of an Urban Grants Economy* (1985), found that the outstandingly high levels of corporate philanthropy in the Twin Cities of Minneapolis and St Paul were a consequence of the social organization of the local business community. In Britain, corporate political action, which like corporate philanthropy has broad social consequences, has been found to be closely related to the social organization of directors and their firms (Bond, 2004, 2007). Questions remain on whether there is evidence that existing corporate philanthropy in Britain is influenced by community factors rather than being the decision of individual firms, and also on what lessons it can teach us about the prospects of increasing business social action more generally.

In a study of the social factors associated with corporate philanthropy among the largest 500 corporations in the 2005–06 financial year, two findings emerged supporting the hypothesis that corporate charitable donations are socially influenced in the UK. The first was a positive correlation between the number of outside directors sitting on a corporation's board and the relative magnitude of its charitable donations. Isolated corporations – that is, ones with no outside directors – made donations that were on average about two-thirds the size of donations made by corporations that had outside directors, and

approximately two-fifths the size made by corporations with two or more outside directors. Contrary to Adam Smith's expectations, these meetings between business people appear to lead to actions enhancing the public good rather than undermining it. Although it is only possible to speculate on what is happening in the boardroom, this finding is consistent with Michael Useem's (1984) argument that when businesspeople have experiences outside their own firm it can lead them to take a broader perspective on business's place in society.

So far the evidence discussed has demonstrated the viability of business taking an active role in delivering the Big Society. The state just needs to be a social entrepreneur developing business people's latent pro-social feelings until self-enforcing philanthropic norms make its role redundant. There are, however, other social facts about corporate philanthropy that fit less comfortably into this perspective. As well as the positive association with having outside directors on the board, corporate philanthropy was associated with the education and club membership of a corporation's chair. Controlling for the corporate size, corporations that had a chair educated at one of the highly elite Clarendon schools had relatively higher mean levels of corporate philanthropy, while those that had chairs who were members of highly elite establishment clubs with historical links to the Tories had relatively low levels of corporate philanthropy.

It is difficult to see how government can act in relation to these findings. Encouraging more Clarendon-educated chairs and fewer members of establishment clubs is unlikely to happen for a large number of obvious reasons (although the fact that the social composition of the coalition government has strong establishment dimensions could make their moral traction with Clarendon graduates and club members more effective). The point is that the business community has a social structure with distinctive features that are not necessarily amenable to government influence.

Even if the government were successful in spurring businesses to take greater responsibility for the public good, these findings still leave the desirability of doing this in doubt. The association between education and club membership indicates that there is a large element of discretion left to the heads of companies when it comes to corporate charitable activity – which is unsurprising, given that it is generally small relative to the earnings and value of most large corporations, and its impact difficult to measure. Because corporate charitable activity is discretionary, it can be influenced by the personal value directors give it. This would not be a cause for concern if directors were drawn randomly from the population. Instead, corporate leaders are disproportionately drawn from privileged backgrounds. For example, of those corporations in the study referred to, where biographical information was available, 13.7 per cent

were graduates of a Clarendon school – a proportion that is not absolutely large but which is far greater than would be found in the rest of the population. The distinctive social backgrounds of directors of large businesses, combined with the discretionary nature of corporate philanthropy, run the danger that such philanthropy reflects the concerns of a narrow elite.

Steering corporate philanthropy

A question which hangs over business social action for many people is the extent to which it is truly philanthropic as opposed to 'instrumental' – a mechanism for achieving strategic aims such as reputation building or cementing relationships with business partners. Examples consistent with business charity being instrumental include the finding from the author's research that publicly visible corporations in the sample gave more than those less visible, Deloitte's (2011) finding that corporate philanthropy is becoming increasingly strategic, and Brammer and Millington's (2005) finding that corporate philanthropy was associated with profit maximization and managerial reward.

One of the coalition government's aims in the Giving Green Paper is to get business charity to focus less on instrumental aims and, instead, to reflect the 'wider issues which are important to the community in which businesses are based' (HM Government, 2010: 26). One of the first things to note is how distant this is from more-libertarian approaches such as Milton Friedman's (1970). For Friedman, corporate social responsibility was a distraction from business's core aims, it was exploitative of shareholders, and it was likely to lead to abuses of managerial discretion. Although his argument was made in typically pungent style, it did pose a serious question for those advocating greater corporate social action: if corporate philanthropy is not used for instrumental ends, then how can managers (who are mainly agents of the businesses they work for) legitimately use shareholders' money for the benefit of third parties?

Insofar as the coalition government has acknowledged the problem, its answers have been vague. The closest to a solution offered is payroll giving, which is still rare in the corporate world. The government could explicitly disagree with Friedman and argue that the communities in which corporations operate have rights to a portion of profits – but that runs counter to the pro-business, non-interventionist philosophy underpinning the Big Society. It will be interesting to see whether the cultural shift the coalition government is trying to effect is possible in the absence of more-explicit institutional mechanisms.

Conclusion

This paper has tried to outline the role business is expected to play in the Big Society, namely to fill the gaps created by a retrenching state. Findings from the empirical study of corporate philanthropy have been used to evaluate the opportunities and perils the project faces. The emphasis the Big Society places on the social dimension of corporate charity is supported by the evidence – inter-corporate ties are associated with increases in levels of philanthropy. The main difficulties, however, have to do with the lack of representativeness of business leaders, potential abuses of managerial discretion and the instrumental nature of so much corporate charity. If the Big Society is to effect the cultural shift its proponents desire without the use of interventionist mechanisms, it has the potential not only to transform corporate social action but also to mark a significant change in the way we are governed.

Section D

**The future
of philanthropy**

10 The role of community foundations in the Big Society: taken for granted?

Hannah Pavey, Jenny Harrow
and Tobias Jung

In theory, the Big Society represents an opportunity for community foundations – already community foundations are leading the way in funding community activity, and represent the fastest growing source of new philanthropic funds.

Merseyside CF, 2010: 2

Community foundations: why the interest?

The last two decades have seen increasing interest in, and prominence for, community foundations. Community foundations are institutional hybrids that operate in distinct ways from other vehicles of philanthropy (Graddy and Morgan, 2006; Anheier and Hammack, 2010). Embedded in geographical locations – or ‘communities’ – community foundations combine a strong focus on local and regional needs with a drive to seek sources of funding from a range of players – from government to corporations, individuals and private foundations (Daly, 2008). Commentators argue that community foundations are well placed to bridge the institutional, managerial and policy challenges that arise from the aim to build an endowment from a variety of giving sources to address a community’s or geographic area’s needs. Walkenhorst (2008), for example, sees community foundations’ unique position linking public, private and third sectors as offering a central role in state–civil society relationships, and identifies one of their greatest strengths as the ability to adapt to, and reinvent themselves in, different contexts.

The ability to adapt suggests that community foundations are particularly well positioned to respond to changes in the landscape of national policy. In the UK, community foundations have become one of the most rapidly growing forms of organized philanthropy, and their profile continues to grow. With combined endowments of more than £224 million and annual grantmaking activities in the region of £70 million, the UK’s 59 community foundations have become major

players in philanthropy (Community Foundation Network, in Pharoah, 2011a: 146). Collectively, community foundations are the third largest grantmaker to the voluntary sector (ibid: 145) and in the last five years have made grants totalling £400 million. Consequently, community foundations fit well with the current UK government's focus on giving and philanthropy, and its support for innovative ways to encourage a step change in giving by individuals (HM Government, 2011); ongoing political endorsement of community development approaches and a continuing return to the local appear to offer strong support and opportunity for community foundations, and a 'natural fit' with the Big Society (Harrow *et al*, 2011).

Community foundations have already demonstrated an ability to work collaboratively on a major scale: for example, the 'Dispossessed' campaign, an initiative involving the *Evening Standard*, London community foundations, the umbrella body Community Foundation Network (CFN) and partner organizations has raised £7.2 million since its launch 18 months ago¹ and distributed over £2 million in grants to community groups working to strengthen their London communities. In a period of major funding restraint, growing philanthropic funding and expanding individual giving at a local level are key government priorities: the UK government has thus pledged £80 million in 'Community First' funding that aims to support community foundations in raising £150 million in endowments and future grantmaking. Two-thirds of this is intended to come from individual and corporate philanthropy, with a third matched by government (Hill, 2011).

Researching community foundations

How does research characterize community foundations in terms of their roles and contributions in the changing UK policy landscape, given that they are complex philanthropy-led and community-accountable institutions? What are the implications of such an apparently close fit with major elements of government policy? How might such Big Society 'naturals' fare as local social need becomes increasingly more complex?

In 2008, Daly suggested that examples of community leadership from community foundations were quite isolated; the majority of community foundations seemed to focus on donors at the expense of community engagement. Earlier commentators have also identified growing tensions between promoting philanthropy and sustaining a commitment to addressing

¹ www.thisislondon.co.uk/standard/dispossessed/article-24019651-our-fund-plants-seeds-and-8201and-they-grow-into-more-cash.doc

critical needs identified within communities (Carson, 2002). The preferences of individual donors are not necessarily aligned with the public good, and allowing donors greater say over the direction of their gifts raises further questions over the 'role and influence of private wealth' and of community foundations in local communities (Daly, 2008). CGAP research is therefore exploring the extent to which community foundations demonstrate both community responsiveness and effective grantmaking at the local level, together with their successful track records in endowment raising.

Initial research focused on the *Manifesto for Community Philanthropists*, published by the national membership association for community foundations, the Community Foundation Network (CFN, 2009). Published just before the last general election, the manifesto promoted community foundations as a multi-purpose approach to philanthropy development and stressed the unique role that community philanthropy can play in both leveraging additional private funds and empowering local communities. Jung *et al* (2010) explored how the themes outlined in the manifesto relate to both the activities of community foundations and their organizational structures, followed by an intra-UK comparison of community foundations in Scotland, Wales, Northern Ireland and Wales (Harrow *et al*, 2011). The work has continued with a literature review on community foundations, and emerging key themes range from leadership and donor services, through governance, social capital and organizational structure. The review is supplemented by semi-structured interviews with ten community foundation chief executives, exploring community foundation roles in relation to pressing issues of local need.

While this research is ongoing, initial findings suggest that there is emphasis on the leveraging of funds and the management aspect of local philanthropy at the expense of detailed exploration of what leadership and empowerment mean at the local level, or of how funds are, or may be, used to strengthen communities.

Community foundations have in the past been over-reliant on government support. Leat (2006) warns that:

Insofar as community foundations become too dependent or simply too closely identified with government, they may be seen as more of an offshoot than an alternative to government . . . community foundations may gain in legitimacy (as agents of government) but lose both trust and legitimacy in their roles as independent institutions. (Leat, 2006: 267)

The research raises a series of questions around the accountability and function of community foundations and whether the Big Society focus on

fundraising and donor development takes the local leadership role of community foundations for granted. One chief executive interviewed for this research, for example, highlighted the tension between being able to respond and adapt to changes in public policy while ensuring that local need continues to drive grantmaking practices:

In terms of influence, we could be sidetracked by public policy and city council priorities rather than focusing on community need . . . but we shouldn't be driven by public policy . . . we are a community funder and a grant maker overall should be driven by the needs of the local area.

(Community foundation chief executive, August 2011)

Reflections

Being a 'community funder' places particular demands on an organization: it requires an ability to respond to the prevailing public policy environment while retaining the independence to act in the interests of their locality. Community foundations are not the only forms of third-sector organization facing a potential challenge of mission and purpose, nor are they the only organizations working at a local intermediary level – councils of voluntary services and private foundations also play a key role at the local level, both in terms of knowledge and grant making – but their particular organizational fit with current public policy themes of increasing giving and valuing the local puts them under specific forms of pressure.

Community foundations' grantmaking track records and ability to convene multiple actors over local interests may be neglected as bigger fundraising issues dominate their work. Strong endowments and security of resources may be an essential precursor to exercising a prominent leadership role within public policy spaces generated by localism but, where fundraising issues dominate community foundations' work, there is little to distinguish this particular organizational form and its unique 'leadership' capacity from other philanthropic vehicles or modes of grant making. The Big Society agenda prioritizes debates around levels of giving over impact, and neglects crucial questions as to what increased levels of giving can achieve. In a recent article, Pharoah (2011b: 74) concludes that

Charitable giving is far more driven by donor preference and less socially instrumental than many acknowledge . . . an expansion in the scale of charitable giving and philanthropy may not lead to an expansion in the diversity of causes met or in local engagement, unless the willingness to

give is strongly aligned with a sense of responsibility towards emerging public need.

A bigger society of givers and increased philanthropic funding alone may not be an adequate response to the acute challenges that exist at a local level. Community foundations have made, and continue to make, critical impacts in their communities. The authors' research to date suggests that, although fundraising and engaging new donors may endow community foundations with the necessary funds to respond to local need, this ability to engage and empower local communities should not be taken for granted by governments, at local, regional or national levels. Equally, it is possible that the facilitating roles of community foundations – not only managing others' funds but knowing and understanding valuable directions locally for those funds – may be taken for granted, or at least undervalued, by public, private and other voluntary organizations.²

CGAP's work in keeping abreast of the growing academic and practice literatures on community foundations is highlighting the continuing international prominence of the community foundation as a model institution for civil society brokerage, facilitation and support. In the UK, Big Society policies and themes seem primed to both reflect and propel what community foundations do. Too great an imbalance, however, between garnering resources and reflecting and presenting community issues may change the nature of the community foundation as an organization, bringing it on a par with many others now rapidly seeking endowments. It may be argued, therefore, that more needs to be done to evidence the local leadership ability of community foundations and to preserve their capacity to respond to the most pressing needs of their communities, above the needs of their donors and shifting policy agendas.

² It is a marked feature of the extensive publicity for the London 'Dispossessed Fund', for example, that the critical role of CFN in managing and channelling the awards of this high-profile fund seems barely and rarely noted.

11 The role of Information Communication Technology in philanthropy

Elric Honoré

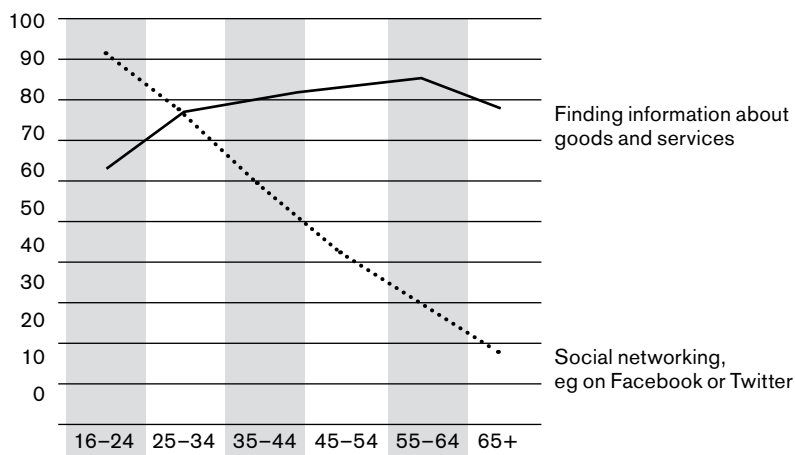
A new culture of generosity?

Between 2008 and 2010 online donations almost doubled, rising from 4 per cent to 7 per cent of UK-wide giving; they have, however, remained at this level since then (NCVO/CAF, 2011). Is the trend flatlining as a result of the economic turndown, or do other factors – described by Steve Bridger as the ‘obsession with donor transactions and the mechanics of what may have worked adequately well in the past’ (ibid: 20) – also have a part to play?

Without doubt, as another year of austerity looms ahead, the Big Society’s mission of infusing ‘a new culture of generosity’ will be challenging. One hope lies in the recent development of the digital audience. The numbers of Internet non-users decreased across all adult age groups in the UK last year (Office for National Statistics, 2011a), and – with a staggering 82 per cent of the population reckoned to be online and 48.6 per cent subscribed to Facebook (Internet World Stats, 2011) – a new communication medium is opening up where it may be possible to imprint the much sought-after culture change in altruism. However, despite potential synergy between social media and cause marketing, UK online giving has not increased proportionally with the rise in Internet users over the years, providing yet another possible addition to the long list of known ‘productivity paradoxes’ of ICT research (eg Brynjolfsson and Yang, 1996).

The different habits of 'digital natives' and 'digital immigrants' (Prensky, 2001)¹ might have a role to play in shaping patterns of e-philanthropy. The UK's main givers (women aged 45–64) are most likely to give through cash, while online donations mainly come from the 25–44 age group (NCVO/CAF, 2011). Both groups have similar trends in Internet usage for information retrieval (at or above the 77 per cent average); however, the 25–44 age group is highly more likely to engage in social media networking, as Figure 1 indicates.

Figure 1 Internet activities by age group, 2011 (%)



(Original data: Office for National Statistics, 2011b)

Because philanthropic organizations rely on how well they tell their story, understanding the different audiences of digital natives and digital immigrants is a crucial step in developing future communication strategies. While information seeking has not changed fundamentally in the digital era (a list, the index of a book, the Dewey system or the results from the most popular search engines have many similarities), *conversations* are changing, shaped by the pervasiveness and the 'affordances' of ICT infrastructures, most notably social media. Currently, through free or advertisement-supported social networks, any individual or organization can theoretically provide static information (*à la* Web 1.0) or even dabble in user engagement and e-fundraising (*à la* Web 2.0) on a regular basis with all the Internet users in the UK or across the world at a

¹ This distinction is between those of us born in the current digital era ('natives') and those not ('immigrants'). Digital immigrants may very well adapt and even thrive in the new environment, but nevertheless retain an 'accent'. A classic example of this is the habit of printing work emails or, as Prensky jokingly points out, 'having your secretary print it out for you – [a case of] an even "thicker" accent' (Prensky, 2001: 1).

fraction of the cost it would take to produce one-off printed material and hosting live forums or fundraising events. The importance of conversation is without doubt on the increase: over 60% of new direct debit donors are recruited from dialogue-based sources such as fundraising conducted face to face or on the telephone (NCVO/CAF, 2011). However, producing a descriptive flyer and successfully engaging backers to create a rallying movement (the sought-after 'buzz') are distinctly dissimilar endeavours, both online and offline.

Philanthropic organizations jumping on the social media bandwagon unfortunately often espouse a *broadcast*-style mode of communication – a telltale digital immigrant accent, which does little to create 'buzz'. Active virtual communities, notably in service industries (eg Takahashi *et al*, 2008), are known to be created when there is a shift from centralized to peer-to-peer communications and value creation. As this mode of user-engagement process is not necessarily inherent to all organizations entering the digital age and also requires concerted effort to maintain, it is no surprise that the recent years have seen a rise in the recruitment of social media consultants and strategists.

Participative online philanthropy: myth or reality?

The shift towards the digitally connected end-user has been described as the coming of the 'Network Society' (Castells, 1996) and a tenet of the 'Information Age' (Benkler, 2006). With such grandiose terms, it is no surprise that their technophile stance has met rebuttals from digital immigrants. Sellen and Harper (2001), for example, have mocked the myth of the paperless office, a myth that has had both several comebacks and failures since the 1940s. A more contemporary jibe is the dismissal of online social activity as little else but hype, spam or the fad of a generation with too much (online) time on their hands. Given that 10 per cent of UK pets are now on Facebook (*Telegraph*, 2011), such a dismissal seems fully understandable, but it is possible to envisage a near future where ICT, and particularly social media, would have minimal hype/fad factor, becoming instead a basic utility like water and electricity to the modern household. On the one hand, digital literacy will have increased with another generation of digital natives entering adult civic life; on the other, the 'digital divide' (Norris, 2001) will have been addressed (hopefully) through investment in education, telecommunication infrastructure and culture-change initiatives such as the Race Online 2012. A digitally connected UK society would thus have the potential to openly share the narratives of service users, social entrepreneurs and donors, thus enabling the field of philanthropy to become somewhat more participative.

Technology, Benkler (2006) points out, can spur this change because of the low (or non-existent) cost of communication in modern ICTs. This, in turn, stimulates non-market production of information, innovation and co-production of value, thus challenging organizational structures built on proprietary principles. Classic examples of the sort, typically dismissed in academia or business for their marginality and volatility, include Wikipedia and the GNU/Linux series of operating systems and software. However, the resilience of their business models and the incorporation of some of their organizational processes in relatively mainstream research projects such as Innocentive's approach on R & D (Bishop, 2010) or the ludic yet ground-breaking FoldIT project (Cooper *et al*, 2010) have indicated a process that is able to generate substantial value, both in social and financial capital, through the carefully managed networked approach to participation, in other words, the 'crowdsourcing' process.

Defined by Howe (2006) as 'the act of taking a job traditionally performed by a designated agent (usually an employee) and outsourcing it to an undefined, generally large group of people in the form of an open call', crowdsourcing is bound to become 'technologically boring' (Shirky, 2008: 105) soon, if it is not already. The overarching organizing principle is not new, but it is made potent because of the newfound access to a large number of Internet subscribers, their aggregated online *idling time* and the capacity for *feedback* (from a systems perspective). The phenomenon has given rise to international academic interest (eg Ågerfalk and Fitzgerald, 2008; Agrawal *et al*, 2011; Albors *et al*, 2008; Brabham, 2008; Duff, 2011; Howe, 2006; Leimeister *et al*, 2009; Muhdi *et al*, 2011; Scholz, 2008). In the business world, this approach has evolved into a new branch of finance, 'crowdfunding'. Politically, the push towards the Big Society attempts a somewhat similar approach in making available core data on public services and opening up service provision. SMEs and social enterprises such as 33needs, Buzzbnk, Crowdfunder, Crowdrise, Kickstarter, Kiva, SoLoCo, Sponsume (to cite but a few), which have burgeoned over the past few years, offer a range of financial infrastructures and mechanisms for ventures in fields as diverse as the arts, start-up businesses, social enterprise and non-profit fundraising. At the micro level, several social networks which amplify the capacity for individual fundraising have burgeoned, and some platforms – such as BT myDonate, EverydayHero, JustGiving or Bmycharity – have developed extensively.

The possibilities and pitfalls of e-philanthropy

The key aspects of how such use of technology might affect philanthropy are well rehearsed in Lucy Bernholz's *Disrupting Philanthropy*, pointing at the 'hype, hope and hazards' (Bernholz, 2009) of US-based e-philanthropy, all of which may very well apply in the UK context. A starker but no less insightful view warns again of the compelling myths of the 'end of history, the end of geography, and the end of politics' that are inflated in the promises of the 'digital sublime' (Mosco, 2004: 174). Both these accounts point out clearly that there are as many possibilities as there are pitfalls and that the practitioner needs to be careful in developing long-term and often costly ICT strategies. A more sober view of ICT and the fashionable crowdsourcing process points at its humbler potential: the capacity for unlocking the 'long tail' of philanthropy – in the form of both traditional donors and also as contributors to its practice.

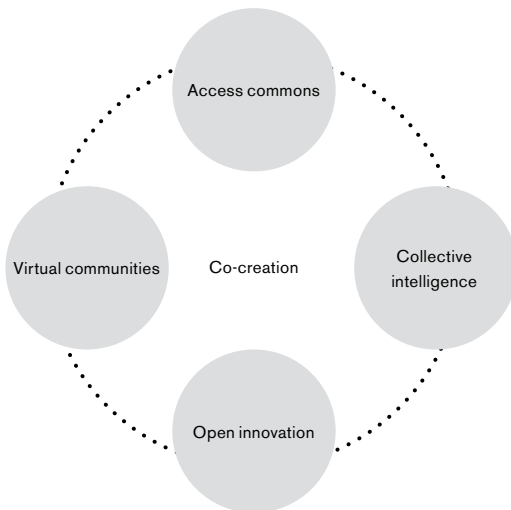
From a pure research standpoint, studying how ICT is developed here helps to open up the 'black box' (Kallinikos, 2002) of the enduring and emerging social constructs in philanthropy. The current norms of crowdfunding projects – such as their low initial buy-in (eg a 50 pence donation), their all-or-nothing scenario, their live 'status' screen and their potential return on investment – are highly attractive to cyberspace denizens who innately expect a decisive and 'open' basis of engagement with easily accessed feedback. It is worth noting that the change towards multi-level user engagement and involvement is, however, not limited to digital-era organizations: real-life Giving Circles, such as the Funding Network, have enabled an 'open' approach to philanthropy long before the tide of cyberspace. Such organizations have enabled, and still are enabling, 'members to become part of the nonprofit and philanthropic sector to a degree perhaps only open to major donors previously' (Eikenberry, 2006: 523) while also increasing donor control and input (Eikenberry, 2009; Ostrander, 2009).

In essence, there is a current socio-cultural shift towards *information*, *data* and the *transparency* of both, which is further stimulated by the nature of digital data. As we enter the Information Age, developing the 'long tail' of philanthropy will not only involve fine-tuning the technicalities of e-fundraising via micro- and crowd-finance models and take on donor mechanics, but also involve engaging in the further drivers for active communities, such as open innovation and co-creation of value. Research in this field is currently gathering momentum: Zwass (2010), for instance, offers a tentative typology (see Figure 2) that can be applied to view e-philanthropy as a more complex co-production system than the classic and somewhat 'accented' donor-receiver model.

Thus framed, e-philanthropy would emphasize four components of practice: first, *virtual communities*, where conversations can take place 'with

sufficient human feeling, to form webs of personal relationships in cyberspace' (Rheingold, 1993: 5); second, the *commons approach* (Zwass, 2010: 18), by which the philanthropic 'good' received is also openly accessible (or, at least, its operating principles and subsequent data are); third, a continually evolving repository of the *collective intelligence* gathered (eg knowledge-brokering philanthropic intermediaries – Pharoah, 2007 – or lending teams); fourth, a culture of *open innovation*, whereby value creation becomes more inclusive and serves to advance 'the whole state of knowledge and practice' (Porter and Kramer, 1999: 124). ICT might well have a positive influence on philanthropy through these mechanisms; the challenge lies in turning these hopes into reality and in making a break with the silo mentality, both offline and online (Connors, 2007). Organizations built on these principles, such as the Open Knowledge Foundation, pave the way, but they are far from the norm. In this respect, 'the future is already here – it's just not very evenly distributed' (Gibson, 1999).

Figure 2 Co-creation: towards a taxonomy and an integrated research perspective (Zwass, 2010)



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

Eleanor Shaw, Jillian Gordon,
Charles Harvey and Mairi Maclean

The Big Society: plugging the budget deficit?

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

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

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

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

What is the role of entrepreneurs in the Big Society?

Developing the suggestion that the Big Society is Cameron's attempt very clearly to distinguish his Conservative Party from Thatcherist philosophies – which, throughout the 1980s, encouraged low taxation, low public spending, free markets and mass privatization (Bale, 2008) – it can be argued that something else may be at play. So sparse are mentions of entrepreneurship, individualism or innovation for social benefits, that one might be suspicious of their omissions in the language of the Big Society. Is the coalition government,

as Bale (*ibid*) suggests, so keen to distinguish the Conservative Party of the twenty-first century from 1980s' Thatcherism that it has sought to avoid mentioning the very individuals (entrepreneurs) and activities (entrepreneurship) that might indeed help bring about the public sector and community reforms it is proposing?

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

The latter are regarded by the authors of this article as 'entrepreneurial philanthropists', who can be 'distinguished both by a fierce drive to accumulate personal fortunes and by the desire to deploy a significant part of their wealth in pursuit of philanthropic ventures over which they can exercise control' (Harvey *et al*, 2011: 425) – and 'entrepreneurial philanthropy' defined as 'the pursuit by entrepreneurs on a not-for-profit basis of big social objectives through active investment of their economic, cultural, social and symbolic resources', (Harvey *et al*, 2011). This emphasis on the *active* involvement of entrepreneurs in the search for opportunities to address economic and social inequalities has significant implications for the types of philanthropy in which wealthy entrepreneurs engage, their approach to philanthropy and the impact of their philanthropy on big agendas for social change – including those suggested by the Big Society dialogue.

The effect of entrepreneurial philanthropy: more than just money?

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

helping to identify them as people with whom third sector organizations may wish to collaborate.

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

13 How will funding play a role in the shaping of the Big Society?

Cathy Pharoah

Rebalancing the financial responsibilities of public, voluntary and private sectors for public welfare is central to new Conservative policy around building stronger communities. With government spending cutbacks, a key policy is for communities increasingly to generate local solutions to need, because, in the Prime Minister's view (Cameron, 2010), 'If there are facilities that the state can't afford to keep open, shouldn't we be trying to encourage communities who want to come forward and help them?' Shaw and others argue (Chapter 12 of this book) that the potential role for entrepreneurs is neglected in the rhetoric surrounding the Big Society, but entrepreneurialism is nonetheless key to the government's vision for future growth in social welfare organizations (HM Government, 2011). This chapter reviews funding policy towards the social sector, and looks at its potential effect in shaping the Big Society. Is Big Society a funding problem or a source of funding solutions?

Alternative models for funding public welfare

To date, questions about how the growth of more self-sufficient communities is to be financed have been framed largely as an issue of how a potential voluntary sector loss of £3–5 billion in statutory funding (Joy, 2010) is to be met from other sources, and have paid little attention to alternative models incorporated in the coalition government's wider policy for the future provision of social welfare. The parliamentary Public Administration Select Committee (PASC), for example, launched an inquiry into 'the consequences of reductions in public expenditure

for the delivery of Big Society, and the appropriateness of using charitable income or volunteer labour to subsidize costs of public service delivery' (PASC, 2011a). Its conclusions note that there is confusion over the meaning of 'Big Society', and that the funding of public welfare has to be considered within the broad context of the coalition government's policy to open up public services to a wider range of providers, including charities. In other words, the coalition government's policy is less about immediate funding gaps, and more about alternative funding models (PASC, 2011b). Blond, for example, argues that the strength of the Big Society is 'its unprecedented scope for . . . shifting the private and public sector models of production, provision and consumption. Conceived properly, the Big Society could be the answer to the consternation that the public-sector cuts are causing' (Blond, 2011).

The coalition government's main vision for financing the growth of what it collectively terms 'social ventures' or the 'social sector' (community organizations, charities, social enterprises and social firms) is outlined in its Social Investment Strategy (SIS): *Growing the Social Investment Market* sets out the three 'pillars' of finance as social investment, philanthropy and state funding (HM Government, 2011). The strategy builds directly on previous New Labour initiatives to bring the business and finance models of successful private enterprise growth to the social sector. However, in defining social investment as 'money that blends financial return with social return', namely as an investment with a clear financial return, the SIS also marks a significant new point of departure from earlier and New Labour thinking.

Expectations of social investment

The meaning of social investment is fluid, and it is often treated as a special type of philanthropy, investment or even currency, or alternatively referred to as the uses, purposes or distribution of finance; a dedicated Open University seminar series in 2008 tackled this fluidity by combining several approaches and defining social investment in broad terms as 'the provision and use of finance to generate social, or social as well as economic, returns' (OU, Social Investment Seminars, 2008). It has been argued that the breadth and range of meanings attached to social investment, particularly ambiguities over whether its returns were financial or social, have held back the interest of potential investors, who do not know what to expect from it (see, for example, NEF/CAF, 2006; Cohen, 2011). Many such investors will welcome the location of social investment within mainstream financial models, but some are asking whether the baby has been thrown out with the bathwater. Will this approach be able to

provide social ventures with 'access (to) the capital and advice they need' to support local empowerment, and 'create positive change in our society' (HM Government, 2011)? Historically the case for special 'social investment' funds for social sector organizations emerged from difficulties faced in transforming a dependence on philanthropic or public grants to a business-based model of income generation. Access to intermediary investment, or 'social finance', provided on softer terms than mainstream capital, was seen as essential for making this leap (Nicholls and Pharoah, 2008). There was renewed interest in the role of small-scale 'community development finance intermediaries' (CDFI), such as locally based credit unions and micro-finance, in providing facilities like low-cost or long-term loans, grant-loan packages, loan guarantees, 'patient' or quasi-equity investments with flexible, individually tailored terms. Products like the new Social Impact Bond and providers – such as FutureBuilders and other government funds now managed together by Social Investment Business, Big Issue Invest, Charity Bank, Venturesome and Impetus – have been largely backed by government or philanthropic funds. Social investment has been more for 'venture philanthropists' than venture capitalists, though government has always aimed to attract commercial investment. 'Community Interest Tax Relief' (CITR) was introduced in 2003 to incentivize higher-risk investment in deprived areas. The Community Interest Company (CIC) was introduced in 2005 to allow for some commercial gain while assets are kept permanently locked for public benefit; Bridges Ventures, initially receiving private and government funding, is a community development venture capital fund, offering commercial capital in deprived areas.

Growth in the embryonic social investment market, however, is proving slow: demand from organizations with little business experience is low, and commercial investors have shown little appetite for the higher risks. CITR uptake has been considerably less than anticipated, and some argue that it should be replaced by a broader CIC tax relief (Heaney, 2010). With the exception of large charitable donors, such as the Esmée Fairbairn Foundation, trusts are wary of social investment (Chapman, 2011), and the total scale of the social investment market is estimated at around just £1 billion (Joy *et al*, 2011), equal to 1–2 per cent of registered charity income.

Can Big Society Capital step into the social investment gap?

The main plank of the coalition government's social investment strategy is the creation of 'Big Society Capital' (BSC), a finance provider which can move

into the social investment gap and stimulate growth in the social sector through philanthropic, public and private investment. BSC will be a private-sector body, though with a 'locked-in' social mission, and has to maintain long-term sustainability, setting its own rates of return. It will be a finance wholesaler to the intermediary finance providers or CDFIs, which will carry any frontline risk. BSC has a tripartite structure, to prevent any muddying of the waters of social and financial return: Big Society Capital Limited (BSC), the operating company; the Big Society Trust (BST), responsible for ensuring compliance with mission; and the Big Society Foundation, a charity for philanthropic donations to support the high-risk end of the social investment spectrum.

Some key features of BSC are likely to reduce its relevance for smaller-scale community projects. Capacity for risk is limited and, whereas earlier social investment bank propositions were explicitly aimed at strengthening the third sector (Commission for Unclaimed Assets, 2007), BSC can finance all social ventures, large or small, and from 'a variety of market sectors, business models and legal structures'. It has moved away from original concepts of a facility tailored to social ventures currently dependent on grants, the business or market capacity of which is so embryonic that investment would carry risks on both supply and demand sides (Westall, 2010). BSC beneficiaries are more likely to be better-established social ventures, and might include innovative structures such as the public-sector projects being run as public-voluntary sector mutuals within the coalition government's 'Pathfinders' initiative.

BSC might also continue to face challenges in reconciling financial with social returns. Compliance with EU state aid requirements means it must invest mainly in social investment finance intermediaries which would have difficulty in getting affordable mainstream funding, and which themselves must lend to frontline organizations that are similarly positioned. This limits its scope (Gregory, 2011) and may mean it will be less attractive to commercial investors. On the other side, research has concluded that it would be difficult to meet the needs of emerging social investment organizations and deliver 'market-rate' or commercial rates of return on capital (Ludlow and Jenkins, 2011). This research highlights the ongoing need for 'a development bank', and for finance intermediaries to raise capital from both commercial and philanthropic sources to provide below-market-rate support for embryonic social ventures. There is continuing evidence of the fragile nature of social ventures, with reports that Pathfinder public-sector 'spin-outs' are experiencing mixed fortunes (Ainsworth, 2011) and a recent study that community mutual ownership models need time and the right environment to grow (Woodin *et al*, 2010).

A central question is whether one of the dominant Big Society narratives, which defines its health in terms of its capacity to foster grassroots community organization, is at odds with other narratives around the development of a more sophisticated and highly geared contract and investment funding environment. The legacy of the current social sector may be obscuring alternative Big Society conceptions of a new range of social providers, and policy and finance developments may suit the growth of a more locally accountable 'midmarket' of medium-sized social ventures better than smaller community organizations. The Open Public Services policy identifies the opening up of whole local welfare markets to new social ventures, as a key element of Big Society. Research has highlighted that access to such procurement markets is indeed a key success factor for the growth of social enterprises (Wells *et al*, 2010).

Will social investment prove a game changer?

With an estimated capitalization of around £600 million, BSC itself is small in relation to private sector resources, and to the potential £38 billion local authority market in social care, of which just 11 per cent is in the voluntary sector. One of its key roles, therefore, may be bridging social ventures and larger-scale mainstream finance. In the meantime, however, a new market for middle-range social investment products with moderate financial returns linked to specific social impacts is emerging. It includes the Allia social investment bonds for charitable causes, established for a decade now, and the forthcoming, highly replicable, £20 million bond to be issued by disability charity Scope, offering a middle-range financial return. The innovative Social Impact Bond, currently supported by government and charities, invests in savings made from reducing reoffending rates and is about to be piloted in other areas of public expenditure such as early intervention. Triodos Bank has recently launched a property-backed social impact bond to raise funds for Bristol Together, a social enterprise supporting job creation for ex-offenders. Deutsche Bank has launched a new £10 million fund that will put money into social investment intermediaries, along the BSC lines. The new UBS Impact Investing Focus SME is an investment vehicle that invests, through funds in SME, into developing countries, aiming to generate measurable social and/or environmental impact. Such products are already successfully attracting social investors looking for financial return while achieving social objectives.

A new local and social midmarket space might provide the catalyst for the more general development of moral, responsible and ethical market approaches which are being increasingly demanded. It needs to be acknowledged,

however, that there are many welfare activities unlikely ever to enter this market. Philanthropy will continue to be hugely significant for filling service gaps, but this will pose its own challenges. Private giving choices can be individualistic, and vary considerably from public spending priorities (Pharoah, 2011; see also Breeze's Chapter 8 of this book) and charitable resources are least likely to be located in areas of greatest need (Mohan and Bulloch, 2012). And while the building of an equitable Big Society may need greater diversity in giving, as McKenzie's chapter in this publication shows (Chapter 3), the donor population has actually narrowed. The rebalancing of public, charitable and private finance in public welfare has exciting potential to bring the values of different sectors together and create successful new social market spaces. However, successful targeting and use of social investment to scale up even the potential 'low-hanging fruit' of such an innovative market space, namely the emerging social ventures with sound social and business cases and a track record in growth, will constitute a major challenge and achievement in themselves. The jury is still out on the potential of social investment to be a game changer for those trying to meet the more challenging, marginalized and under-funded social needs.

Conclusions

A main conclusion from the research presented here is that, while philanthropy plays a vital part in empowering our society and many different communities within it, its impact is circumscribed by the values and passions of private donors. If philanthropy is to take on a greater role in creating strong, inclusive and active communities, government policy makers must be true to their commitment to remove barriers to giving (such as proposing strict new limits on charitable tax relief) and enact supportive, consistent and sustainable tax and other policies and incentives, which will encourage giving and see it flourish in the places where it is most needed. Policies are unlikely to be successful unless government, policymakers and charities nudge or persuade donors not just to give more, but to give in ways which lead to greater inclusion, diversity, and social justice.

Many of the important levers for encouraging giving – such as creating norms, using incentives, raising public awareness of donor contributions and encouraging future generations to learn the values of giving – have already been highlighted in the Giving White Paper. These will not help to create Big Society, however, unless they are explicitly mobilized in ways which direct philanthropy to where it is needed, and are driven by clear values.

It has also been argued in this report that a higher profile needs to be given to entrepreneurial philanthropy, which aims to support interventions and innovations with the capacity to build and grow community resources in the long term, generating tangible and sustainable social change.

An era of successful global capitalism has seen huge resources now flowing through philanthropy. As the numbers of new philanthropic 'world-makers' increase, and as policy encourages the further growth of major philanthropy, we will need to find ways of ensuring responsible governance of such resources. The need for accountability and transparency in philanthropic decision-making will continue to grow in importance, so that the public can see, debate and influence the direction of private philanthropy.

Finally, the research has suggested that expectations of philanthropy may be far outstripping its capacity. If the ideals of Big Society are to be achieved, there will be an ongoing need for government to target its reduced resources to those whom philanthropic resources do not reach.

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Every aspiring reforming government needs a big idea, and for the Conservatives in 2010 it was the Big Society. Not everyone greeted this big idea with equal enthusiasm, but it is playing a part in the new debate under the Coalition about the right balance of state, private and voluntary sector in the future provision of welfare.

What role does philanthropy have in our society and how can it be enhanced? Does a better society depend on better philanthropy? Or do the limitations of philanthropy mean that, far from redressing inequalities, it often only reflects existing ones?

Such questions are explored in the 13 chapters of this report written by researchers in the ESRC Centre for Charitable Giving and Philanthropy (CGAP). The report highlights the implications of CGAP's research findings for philanthropy in our society today, for the needs and ideals of the Big Society, and for future policy and practice.

ABOUT CGAP

The ESRC Centre for Charitable Giving and Philanthropy (CGAP) is the first academic centre in the UK dedicated to research on charitable giving and philanthropy.

CGAP FUNDERS

ESRC
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