

The history of philanthropreneurship in europe

[Business](#), [Strategy](#)



Profits are more than often than not seen to be the core of entrepreneurship. However, as the society progresses, the concept of philanthropic entrepreneurship emerges as they focus on the idea of bringing about a greater good, beyond mere numbers. This paper will discuss on the topic of philanthropreneurs, the intersection between the entrepreneurship and philanthropy. Philanthropreneur was termed by Mark Desvaux in 2004 to describe philanthropic entrepreneurs, young billionaires who made profits through capitalism and presume the applicability of a similar model to charity. As quoted by Federico Caputo, “ Philanthropic-minded entrepreneurs are driven by a larger purpose and aim to positively impact the society.” This paper will hence present theoretical frameworks and empirical findings through exploring the history of philanthropreneurship in Europe and the work of modern philanthropic entrepreneurs.

The crucial question to this topic is to the reasons behind such a business model which seemingly contradict the traditional idea of starting a business. Philanthropy is often associated with the act of giving, where donors do not expect anything in return. However, this was seen to be unsustainable. This issue has led to the emergence of philanthropic entrepreneurs, who brings their business mindset to the acts of charity. For philanthropreneurs, they do not define success via the numbers on their income statements, but instead the dollar investment on the impact it brings to the society.

Philanthropy

The line between philanthropy and philanthropreneurship is seemingly thin, however, they are two contrasting mindsets altogether. Philanthropy is the

act of giving, however these actions may provide some form of assistance in the short-run, but not necessarily sustainable in the long-run. One contemporary example of philanthropists are non-profit organizations. Non-profit organizations seek to offer aid financed by the state, foundations or federated funds. In contrast, philanthropreneurs do not simply dispose funds to the needy, instead seek to invest these funds to bring about a greater value, otherwise known as social returns on investment. Philanthropreneurs utilize their resources such as financial capital, social connections and know-hows to bring about a greater perpetual philanthropic change. This sets the distinction between classic philanthropy and philanthropreneurship.

Motivation Traditionally, entrepreneurs are known to be individuals who create value. However, further research classifies motivation into entrepreneurship as the “ push” or “ pull” theory. The “ push” theory indicates that the entrepreneur is motivated into starting a business due to external factors including but not limited to difficult living environment or insufficient salary. On the other hand, the “ pull” theory suggests that entrepreneurs are lured into entrepreneurial activities for desirable outcomes such as independence.

Nonetheless, models of entrepreneurship place emphasis on creating value that can be measured and quantified by financial profits. The divergence between ordinary entrepreneurs philanthropreneurs occurs when the value philanthropreneurs goes beyond mere financial profits. More than just the numbers on their balance sheet, these entrepreneurs yearn to seize a permanent benefit for a disadvantaged population who lack the financial means for self-support so as to create a new stable equilibrium. This

additional motivation can otherwise be seen as creating profits to the society as a whole. Moreover, it was also discovered that many philanthropic actions by entrepreneurs are largely associated with organization whose services directly benefit these individuals.

The motivations of philanthropreneurs can also be analyzed using the Maslow Hierarchy of Needs, whereby the physiological needs have fulfilled through their financials. Their profitability from their businesses realized their basic needs, allowing them to strive towards achieving the other needs higher up in the pyramid. This includes but does not limit to self-actualization which can be derived from doing acts of philanthropy.

Pierre Bourdieu's Forms of Capital Theory is yet another conceptual framework that can be used to scrutinize the motivations behind entrepreneurial philanthropy. This framework revolves around four main capitals: namely economic, cultural, social and symbolic. The economic capital can be attained by these individuals through their business operations, reflected through their profit margins. However, as philanthropreneurs, these individuals tend to attain symbolic capital, alongside the economic capital they achieve. Contrary to economic capital that is easily quantifiable through the returns on investments, symbolic capitals are immeasurable by financials. They are indicated through the reputation, honor or even networks of an individual. This provides the philanthropreneur with substantial benefits beyond the financials which offers potential for additional monetary benefits. As suggested by researchers, symbolic capital is the core to the other capitals in the

framework as it provides access to relationships and networks that attracts other forms of capital.

Impact of Philanthropreneurship

The basis of philanthropreneurship lies largely on Acts of philanthropreneurship was not a recent phenomenon. They date back to the 1521 where a business man Jakob Fugger founded a social housing complex for the needy. It was argued that philanthropic behavior was inspired by religious beliefs. In the early modern regimes, religious associations such as Christian and Catholic charitable associations often commit to combat poverty and providing aid to those in need. Such actions were often substantiated with the motives of the fear of going to hell.

On the other hand, Protestants was not convinced of such a belief and began to persuade the public that the responsibility of serving the welfare of the poor lies with the state. With this, charitable organizations began to lose their place in the society, with the state's influence. This displacement resulted in the emergence of philanthropic individuals to donate directly to those in need.

CONCLUSION

Entrepreneurship and philanthropy are seemingly contrasting ideas to be discussed, as one involves the act of gaining monetary value and the other involves the donation of proceeds. However, through this academic paper, the main takeaway is the significant consequences on the society that this integration brings about. Even with the evolution of such an allegedly

sustainable framework of philanthropy, non-profit organizations still thrive. This allows us to reflect on this model of entrepreneurship - whether the transformation is too idealistic or even unsustainable. The idea of bringing a greater good to the society provides an intrinsic motive beyond monetary benefits for an entrepreneur to sustain his business. However, the study of frameworks to investigate the intrinsic motives of philanthropreneurs allows us to reflect whether they are truly philanthropic. Charity started out with giving but expecting nothing in return, which contrasts itself from the intentions of philanthropreneurship with both economic and symbolic capital to gain. This paper also allows us to contemplate the business models of entrepreneurship. It enables us to understand that entrepreneurship can be more than just starting a business and making money. It unveils the potential of entrepreneurship to impact the society, more than just creating profits for self-interested motives. This debunks the ordinary stereotypes of entrepreneurs, who are more often than not accused of egocentric intentions. In my opinion, this modernized framework of entrepreneurship not only denotes the new start to the world of entrepreneurship, but also a fresh start to charity.