"It’s my money”

Accountability in High Net Worth Philanthropy

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1. **Abstract (please do not exceed 250 words)**

Philanthropic actors have unique freedoms and abilities to pursue their own activities with

**Main text**

1. **Introduction: HNWI-Philanthropy & Accountability**

Philanthropic actors in the UK are increasingly under pressure to justify how their grantmaking practices are accountable to uncertain and demanding public needs (Jung, 2018; Jung & Harrow, 2015). Whilst attention on and expectations of philanthropic accountability have grown, philanthropists have far fewer legal accountability and transparency requirements compared with public and private sectors (Anheier and Leat, 2006). Advocates argue that this provides a unique opportunity to take greater risks and a longer-term focus (Fleishman, 2007; Prewitt et al., 2006); critics raise concerns about unaccountable philanthropists shaping agendas and activities of recipients (Reich, 2018; Arnove, 1980).

Unlike public-sector organisations which are accountable to the public, and private-sector organisations which are accountable to their shareholders, philanthropic individuals and organisations can determine for themselves how to best approach their activities with limited legal accountability or transparency requirements (Simon 2016; Deboskey, 2019). This has been heralded as a key advantage of philanthropy: philanthropists can take greater risks and a longer-term focus than either public- or private-sector actors (Davies, 2015). Philanthropy has hence been described as the “ultimate risk capital” (Deboskey, 2019, n.p.) as philanthropists are able to support riskier innovations and address issues that are politically sensitive or socially unfashionable (Bishop, 2006; Davies, 2015).

However, philanthropists have been increasingly criticised for avoiding rather than actively seeking risks: a mix of academics (e.g. Anheier & Leat, 2006; Ealy, 2014) and practitioners (e.g. Simon, 2016; Deboskey, 2019) have advocated a more risk-seeking, experimental approach to philanthropy, but evidence of philanthropists embracing such experimental approaches remain limited (Phillips & Jung, 2016b). Discussion in academic publications about philanthropy and risk has focused predominantly on the use of philanthropy as a risk management tool, using philanthropy to protect against reputational damage (e.g. Godfrey, 2005; Kuldova, 2018; Walker & Sarkodie, 2019). The popular and practitioner literature has contrastingly focused on the identification of different risks involved in philanthropy and how these can be managed.

The lack of accountability in high-net-worth-individual (HNWI) philanthropy has long been criticized as enabling unelected ‘elites’ to provide, shape, or control social programmes (e.g. Goss, 2016). HNWI-philanthropists have been described as policy-plutocrats (ibid.), engaging in philanthro-policymaking (Rogers, 2011) – using their disproportionate wealth, power, and influence to (unfairly) influence policy and, therefore, the lives of others.

However, questions have remained regarding how HNWIs themselves view and approach accountability. Addressing this empirical gap. In this paper, I examine HNWI’s attitudes towards philanthropy, providing first-hand empirical insights into their practices and perspectives.

I proceed first by examining debates and trends in philanthropic accountability, primarily impact measurement. Second, I outline the methods of data collection – interviews with 42 UK-based HNWI-philanthropists, supported by extensive document analysis – and thematic approach to data analysis taken. Third, I examine participant’s attitudes towards, and described practices in, accountability. I distinguish between two accountability mechanisms – transparency and impact measurement – and how methods adopted by participants varies with their assumptions of who should be held accountable in philanthropic relationships, and their primary approach to philanthropy (e.g. venture philanthropy, strategic philanthropy). I conclude with considerations of these insights for wider debates on accountability and philanthro-policymaking.

1. **The rise of impact measurement**

Increasingly offered as a means of ensuring philanthropic accountability, impact measurement has gained traction in recent decades. Proponents claim that by measuring social and financial performance, they raise awareness amongst social purpose organisations (SPOs), policy-makers, and capital providers (e.g. philanthropists) of ‘what works’ and hence which initiatives to support, whilst demonstrating the ‘success’ and value of their philanthropic efforts to stakeholders (Bishop & Green, 2008; Davies, 2015). Impact measurement is seen to promote sharing of best practice amongst SPOs, whilst also supporting strategic planning and decision-making by SPOs and funders to optimise social value achieved (Nicholls et al., 2015). This data is further claimed to benefit policy-makers who can integrate this knowledge into policymaking strategies (Addis, 2015). Despite these potential benefits, impact measurement also raises several concerns, primarily regarding what gets measured and how, who decides, and – ultimately – whether philanthropic outcomes should be measured at all. Each is discussed in this section.

* 1. *How to measure*

First, HNWI-philanthropists demonstrate a preference for quantitative measurement of social impact – a trend dubbed ‘quantiphilia’ (Bosworth, 2011) – using tools such as Social Return on Investment (SROI) (Brest & Harvey, 2008), Randomised Controlled Trials (RCTs) (de Souza Leão & Eyal, 2019; Kumar & Brooks, 2021), or Quality-Adjusted Life Years (QUALYs) (MacAskill, 2015; Kumar, 2019). Each of these seeks to objectify and quantify social impact, allowing funders to compare different options and identify who is most efficient and effective (Kumar & Brooks, 2021). However, such techniques have been criticised for over-simplifying highly subjective social situations. Social performance is a multifaceted, multidimensional concept that cannot be reduced into a single, meaningful value through a standardised system (McGoey, 2015). Indeed, it is arguably naïve to assume that social impact can be so easily measured given the difficulties faced in the less challenging financial accounting (Nicholls et al., 2015). There are further challenges in demonstrating causality; it is perhaps impossible to definitively prove that an observed social impact was caused by the particular intervention in question (Tierney & Fleishman, 2011; McGoey, 2015; Nicholls & Patton, 2015). Impact measurement techniques may therefore result in a preference for supporting more measurable, rather than more needed, programmes or objectives (Buchanan, 2019). In particular, longer-term or advocacy-based initiatives are more complex to measure and, consequently, are likely to go unsupported by HNWI-philanthropists (Davies, 2015; Kumar, 2019). Finally, the pressure to yield a measurable return can reduce incentives for philanthropists to take risks. Given a key proclaimed benefit of HNWI-philanthropists' lack of accountability is the ability to pursue risks the risk-aversion embedded in current measurement practice is a substantial limitation by its own values.

* 1. *Who decides*

HNWI-philanthropists have great influence in the philanthropic relationship: given their extreme wealth, they hold immense power over recipients who may feel forced to succumb to their donors’ wishes in order to (continue to) receive their support (Ostrander, 2007; Tierney & Fleishman, 2011). Due to the difficulties experienced in impact measurement, the choice of how to measure performance and which aspects of performance are measured will directly affect whether an initiative is deemed ‘effective’ or not (Davies, 2015). Measurement systems are performative (Power, 1994); by setting particular standards, they affect the nature of organisations as they alter practices to become more ‘measurable’. Private individuals – who are not necessarily experts in that particular area (McGoey, 2015) – are hence placed in a position of power, shaping what matters and what programmes get funding. These individuals often have competing logics, both with each other and with the SPOs they engage with (Nicholls, 2010). This therefore raises concerns of ‘mission drift’ – SPOs may deviate from their primary social objectives to secure funding.

* 1. *Whether to measure*

Alongside these practical concerns of impact measurement, there remains a philosophical debate regarding why impact ‘needs’ to be measured at all and whether it contributes to public good (Mathison, 2018; de Souza Leão & Eyal, 2019). Notably, many advocates of impact measurement acknowledge limitations of present measurement methods (e.g. Grant, 2012; Friedman, 2013; Buchanan, 2019; Kumar, 2019). However, they largely maintain that despite the lack of – and inability to ever create – a ‘perfect’ means of impact measurement, measuring performance remains essential to philanthropy (Buchanan, 2019; Kumar, 2019). As summarised by Bronfman and Solomon (2010, p.3): “If you cannot measure the impact of your gift, you should not make it. Without measurement, there can be no confidence in success”.

Contrastingly, critics argue that regardless of the relative merits and limitations of specific measurement techniques, the act of measuring social impact is problematic because it avoids and may even obscure more difficult questions regarding entrenched social issues (de Souza Leão & Eyal, 2019). As any evaluation method will inherently be based on, and hence constrained by, the prevailing values of the context in which they are developed, their use “fundamentally lacks independence”, serving to embed the status quo rather than advance a public good (Mathison, 2018, p.114).

1. **Methods**

Research exploring HNWI-philanthropy has typically relied on small sample sizes (e.g. Godfrey, 2016) or secondary data sources (e.g. Goss, 2016; Hassid & Jeffreys, 2015; Worth et al., 2020). This reflects methodological difficulties in researching HNWIs: definitions of how much wealth constitutes ‘high-net-worth’ vary, only the wealthiest and most public minority are typically recorded in publications such as The Sunday Times Rich List, and many HNWIs prefer to keep their philanthropy private (Hay and Muller 2012). To address the relative lack of first-hand insights into HNWI-philanthropy, I interviewed 42 HNWIs about their philanthropic activities.

* 1. *Semi-Structured Interviews*

The primary method of data collection used in this study was semi-structured interviews with UK-based HNWI-philanthropists. The semi-structured approach provided a productive balance between structure and flexibility: participants were able to raise issues they considered important and provide responses in their own terms and language; the interviewer was able to adapt the question order and ask follow-up questions based on responses given (Eriksson and Kovalainen 2016). All interviews took place between January and June 2019. Each interview lasted, on average, 60 minutes, and took place in a mutually convenient location – most often at the participant’s place of work. Interviewees were asked about their philanthropic activities including why and how they give, how much they give, who they give to, and what influences these decisions and actions.

* 1. *Semi-Structured Interviews*

Initial interviewees were recruited via gatekeepers; subsequent interviewees were recruited via snowball sampling. Given the restrictions typically impeding research on HNWIs (Hay and Muller 2012), these recruitment methods were essential for identifying and accessing participants. Indeed, several interviewees noted they had only agreed to participate as either a recommendation from or favour to one of these gatekeepers. Gatekeepers broadly represented prominent institutional funders and intermediary organisations in the UK philanthropy landscape (Table 1). Gatekeepers 1, 2, 6, and 8 were already known to the lead author; gatekeeper 4 was contacted after their organisation was identified as a relevant leader in the UK philanthropy landscape; gatekeepers 3, 7, and 5 were referrals from other gatekeepers. In November and December 2018, gatekeepers were met with for scoping meetings to: aid understanding of field-specific terminology; identify and understand current trends in the UK philanthropy landscape; and establish rapport, aiding identification of and access to potential interviewees.

Table 1. Overview of gatekeepers.

|  |  |
| --- | --- |
| Gatekeeper | Description |
| 1 | Former leader of, and consultant to, multiple UK philanthropy organisations |
| 2 | Co-founder and leader of a UK philanthropic foundation |
| 3 | Co-founder and former chair of several philanthropic organisations, previously based in the UK |
| 4 | Director of a UK social investment fund |
| 5 | Executive at a UK social investment fund |
| 6 | Partner and social impact advisor at a UK legal and financial services firm |
| 7 | Philanthropy advisor at a UK legal and financial services firm |
| 8 | Political economist |

Following scoping meetings, gatekeepers provided access to their extensive networks, supporting identification of and access to HNWI-philanthropists, including those who are private with their philanthropy and therefore could not otherwise have been identified. Gatekeepers also acted as ‘screens’ (Noy, 2008) to ensure only individuals relevant to this study were recruited.

* 1. *Inclusion criteria*

Inclusion criteria for selecting participants were: based predominantly in the UK; classed as HNWI; and engaging in philanthropy. We focus on the UK context to address the (over)dominance of US perspectives in the HNWI-philanthropy literature. The UK is home to a number of influential HNWI-philanthropists (Breeze and Lloyd 2013), yet there remains a relative lack of recent empirical research examining their attitudes and experiences towards reciprocity. We classified HNWIs using the UK Financial Conduct Authority’s[[1]](#footnote-1) definition: at least £250,000 in net assets, excluding primary residence, and/or at least £100,000 in annual income (FCA, 2017). This definition is broadly aligned with criteria used in other studies of HNWI-philanthropists, and only a minority of the UK population meet the FCA’s required thresholds to be a ‘certified HNWI’, specifically the top 2-3% of earners (Office for National Statistics, 2020) and/or top 5% of wealth holders (Arudvani et al., 2020).

Sampling and data collection were continued until data saturation was reached (Saunders et al. 2018). The resulting sample of this study included 42 UK-based HNWI-philanthropists (Table 2). To maintain confidentiality, identifiers are used when referring to or quoting participants. The letter included in identifiers signifies their self-attributed professional background; the number is researcher-attributed to differentiate between participants. Most participants give directly to charities, non-profits, and social enterprises, though several established their own such organisation(s) to target their causes of interest or established a foundation as a vehicle to manage their philanthropy. The causes supported by participants are summarised in Table 3.

Table 2. Overview of participants' characteristics. All figures are provided in ranges to avoid identifying participants. Financial estimates are as of 2019 (year interviews were conducted) and based on self-reporting by participants, publicly available data (e.g. participant’s website), and/or reports in *The Sunday Times Rich List 2019* and *Giving List 2019*.

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Primary Professional Background** | **Participant** | **Age**  | **Estimated Wealth** **(£ million)** | **Estimated Annual Income (£ million)** | **Estimated Lifetime Philanthropic Giving (£ million)** |
| Business (consultancy) | B1 | 70-80 | 1-10 | Retired | 1-10 |
| B2 | 60-70 | 1-10 | 0.1-0.5 | 1-10 |
| B3 | 40-50 | 1-10 | 0.1-0.5 | 0.5-1 |
| Family business | B4 | 50-60 | 10-50 | 1-10 | 1-10 |
| B5 | 40-50 | 100-500 | 1-10 | 50+ |
| Entrepreneur (business founder and owner) | E1 | 60-70 | 50-100 | 1-10 | 1-10 |
| E2 | 70-80 | 50-100 | Retired | 50+ |
| E3 | 70-80 | 1-10 | Retired | 1-10 |
| E4 | 40-50 | 1-10 | 0.1-0.5 | 0.5-1 |
| E5 | 50-60 | 1-10 | 0.1-0.5 | 0.5-1 |
| E6 | 60-70 | 1-10 | 0.1-0.5 | 1-10 |
| E7 | 80-90 | 1-10  | Retired | 50+ |
| Entrepreneur-turned-investor | E8 | 60-70 | 50-100 | 0.5-1 | 10-50 |
| E9 | 50-60 | 500+ | 1-10 | 50+ |
| E10 | 70-80 | 100-500 | 1-10 | 10-50 |
| E11 | 50-60 | 100-500 | 1-10 | 10-50 |
| E12 | 50-60 | 50-100 | 1-10 | 10-50 |
| Investment (banking) | I1 | 50-60 | 10-50 | Retired | 1-10 |
| I2 | 50-60 | 10-50 | 0.1-0.5 | 1-10 |
| I3 | 50-60 | 100-500 | 1-10 | 10-50 |
| I4 | 50-60 | 10-50 | 0-0.1[[2]](#footnote-2) | 1-10 |
| Investment (management) | I5 | 50-60 | 10-50 | Retired | 1-10 |
| I6 | 60-70 | 1-10 | 0.1-0.5 | 0.5-1 |
| I7 | 40-50 | 1-10 | 0.1-0.5 | 0.5-1 |
| Investment (private equity) | I8 | 60-70 | 1-10 | 0.1-0.5 | 0.5-1 |
| I9 | 70-80 | 1-10 | Retired | 10-50 |
| I10 | 50-60 | 10-50 | 0.5-1 | 1-10 |
| Finance (accounting) | F1 | 50-60 | 1-10 | 0.1-0.5 | 0.5-1 |
| F2 | 70-80 | 1-10 | Retired | 1-10 |
| Finance (advisory) | F3 | 50-60 | 10-50 | 0.5-1 | 1-10 |
| F4 | 70-80 | 1-10 | Retired | 1-10 |
| Finance (insurance) | F5 | 50-60 | 1-10 | Semi-retired | 1-10 |
| Law (business/finance) | L1 | 60-70 | 1-10 | Retired | 0.5-1 |
| L2 | 60-70 | 1-10 | 0.1-0.5 | 0.5-1 |
| L3 | 60-70 | 1-10 | 0.1-0.5 | 0.5-1 |
| L4 | 70-80 | 1-10 | Retired | 1-10 |
| L5 | 40-50 | 1-10 | 0[[3]](#footnote-3) | 0.5-1 |
| Law (charity) | L6 | 40-50 | 0.5-1 | 0.1-0.5 | 0.1-0.5 |
| L7 | 40-50 | 0.5-1 | 0.1-0.5 | 0.1-0.5 |
| Law (human rights) | L8 | 50-60 | 0.5-1 | 0.1-0.5 | 0.1-0.5 |
| Law (judge) | L9 | 70-80 | 1-10 | 0.1-0.5 | 1-10 |
| Philanthropist & non-profit founder | P1 | 30-40 | 500+ | 0[[4]](#footnote-4) | 10-50 |

Table 3. Causes and areas supported by participants.

|  |  |  |
| --- | --- | --- |
| Thematic area | Example causes | No. of participants |
| Children and young people | Foster care; child abuse; youth violence; skills training and employability | 21 |
| Education | Higher, secondary, and adult further education | 17 |
| Health | Medical research; hospice care; mental health; specific conditions (e.g. cancer, Parkinson’s) | 14 |
| Faith-based | Bible groups; churches; faith schools | 11 |
| Poverty | Social housing; poverty relief; social mobility; food poverty | 11 |
| International development | Farming and agriculture; technology; water and sanitation | 9 |
| Climate and biodiversity | Animal conservation; environmental protection; climate change | 8 |
| Criminal and social justice | Prison reform; human rights advocacy | 8 |
| Arts, culture, heritage | Music; theatre; arts festivales | 8 |
| Technology | Data privacy, security and use | 1 |
| Older people | Elderly care and support | 1 |

* 1. *Document analysis*

Once an individual had been suggested for interview by a gatekeeper or other participant, extensive background research was conducted on that individual using document analysis – essential when researching social ‘elites’ such as HNWIs (Odendahl and Shaw 2001). Resulting insights ensured the prospective individual was relevant to the study and aided development of more specific interview questions, supporting deeper insights. Demonstrating this background research, such as by referring to specific documents analysed, further helped build credibility and rapport during interviews (Liu 2018).

* 1. *Data analysis*

Data was analysed using thematic analysis – the identification and interpretation of patterns at multiple levels within the data (Guest et al. 2012). First, complete transcripts were produced for each interview using audio recordings and supplementary written notes (Castleberry and Nolen 2018). Second, transcripts were coded using theory-driven deductive codes and data-driven inductive codes. All transcripts were coded by hand and all codes were organised in a codebook that was updated throughout the analysis process to ensure rigour (Saldana 2021). Third, similar codes were clustered together into basic themes. Identified themes were subsequently reviewed and refined iteratively: each theme was analysed and reflected on at the level of the coded data clustered within that theme and at the level of the entire data set to ensure the themes reflected both (Castleberry and Nolen 2018). Finally, themes were interpreted in relation to the previous literature and theoretical framing discussed above.

1. **Findings**

Nearly every participant emphasised the importance of accountability in their philanthropy. In exploring this theme, and in line with participant’s portrayals, I distinguish between the accountability of recipients to funders or end beneficiaries, and the accountability of funders to recipients or end beneficiaries. This section proceeds first with an examination of the mechanisms used by participants to achieve accountability in their philanthropic engagements before exploring the dynamics of who they believed should be held accountable to whom.

* 1. *Accountability mechanisms*

Participants portrayed two means of ensuring accountability in philanthropic relationships: transparency and impact measurement. Both are explored below.

Transparency. The first mechanism of accountability portrayed by participants is transparency. Nearly every participant demonstrated a preference for being kept informed and up-to-date by recipients about their activities and, specifically, how the participants’ capital contributions have benefitted them. For instance, as described by L4 “I like people to keep me in the picture where there is reasonably substantial sums involved.” Similarly, E5 stated the chair of one of their recipient organisations “keeps me informed”. Recipients were presented as having an obligation to keep their funders regularly updated on how they have used that funder’s contributions. As stated by E5, for example: “I think that sometimes people should realise that you can’t keep taking without giving”. These participants were therefore likely to cease supporting an SPO if they no longer felt they were being sufficiently informed. Overall, transparency was presented by participants as the bare minimum required for accountability, but one that is easily achieved. This therefore contrasts with the more involved and resource-intensive approach of impact measurement explored next.

Impact measurement. In total, 23 participants claimed to measure the impact of their philanthropic ventures. Broadly, these participants described recording the impact of their engagements and comparing them against pre-established targets to ensure and monitor progress. However, there was considerable disagreement amongst these 23 participants over how best to measure impact.

For most impact measuring participants, all impact measurement should be quantitative. For instance, as described by E2: “I think the research needs to be obviously very quantity based – yeah quantitative, which I think we’ve been very diligent at.” Quantitative assessment of philanthropic ventures was deemed not only possible but necessary to aid a more rational and objective evaluation process. However, for three participants (E12, I4, P1), two of whom had extensive experience in the non-profit sector, impact measurement should comprise a combination of quantitative and qualitative metrics, recognising the unquantifiable nature of some philanthropic outcomes. In describing the impact measurement processes they employ in their charitable trust, P1 stated: “Sometimes there is no quantitative data for knowing that when you’ve seen a woman who’s a broken shell of herself and you walk in one day and she’s got her shoulders back and she’s got a smile on her face and she can say three words to you. For me, that’s huge impact.” E12 similarly described the importance of recording such ‘intangible’ outcomes: “So for example the happiness of a family – it’s hard to convert that into money. It is much easier to measure for example people getting jobs.” When asked whether they were more likely to fund something that is more easily measured, E12 refuted this statement: “No, not necessarily. The intangibles are extras. For example are they happier, is there less fighting in the home – all things that happen when money is tight, and people are stressed and concerned. […] We would stop funding something if an organisation didn’t care about them.” Despite the importance of such qualitative, intangible outcomes for a small number of participants, none went so far as stating they would only use qualitative measures of impact; all still predominantly rely on quantitative assessment.

Most participants who described conducting impact measurement either conduct such processes personally (usually for relatively smaller-scale endeavours) or have an in-house impact team in their own foundation (or other SPO). Contrastingly, for E9 impact measurement is best conducted independently. To ensure the objectivity of data and evaluation, and the overall quality of the assessment, E9’s foundation prefers to commission a professional research team from either a social research institute or university. However, as such research is expensive, they only commission independent research for ‘higher value’ investments: “We obviously don’t evaluate everything on an independent basis as it would cost us a fortune.”

Significantly, though impact measurement was initially presented as an accountability mechanism for ensuring recipients are achieving the desired outcomes, further discussions during interviews revealed impact measurement was also used to make participants feel good about their philanthropic engagements. For example, E11 initially described impact measurement as a means of ensuring their philanthropy is being effective and achieving 231 the desired results. However, when later asked in the interview why it was so important for them to measure impact, they provided a different reason: “Well that’s the only reward for having given the money away. I suppose what it comes down to is if on your death bed you think, if you can picture something in your head and have some concept of what you’ve done, it makes life worthwhile.” Thus, whilst impact measurement was typically portrayed as a means of determining what works and what does not, it was frequently used additionally, or alternatively, as a form of reward to participants, demonstrating impact(s) they have had to make them feel good about their philanthropy. This therefore raises questions regarding the reliability and validity of participants’ impact measurement processes and whether they indeed measure the outcomes and efficiency of their ventures as initially claimed, or whether, by seeking to record and evaluate their own personal achievements, they measure alternative outputs, oversimplifying the performance of their philanthropic ventures. The following sections examine how participants use these ‘accountability mechanisms’ of transparency and impact measurement to ensure accountability of recipients and, in fewer cases, themselves.

* 1. *Accountability of recipients*

During interviews, 26 participants described the importance of recipients being held accountable for their performance. All 26 prioritised their perceived need for recipients to be accountable to their funders; only one raised the matter of recipients being held accountable to end beneficiaries. This section analyses both of these aspects.

Accountability of recipients to funders. Firstly, 26 of the 42 participants interviewed described the importance of recipients being held accountable to funders. However, how participants portrayed this importance and their preferred means of accountability varied greatly. For nine participants, accountability – primarily through transparency – was considered part and parcel of ‘nurturing’ the funder-recipient relationship. All nine expressed a desire to be kept updated by recipients through transparent reporting of their activities. This type of transparency and communication was perceived as supporting a more “personal” (F4) relationship between the participant and their recipients, helping them feel more “valued” (L2) as supporters. Thus, to continue receiving contributions from these participants, recipients are expected to be transparent over how previous contributions have been used.

In contrast, other participants felt the need for recipients to be held accountable to their funders to that those funders can ensure an impact is being achieved. These participants primarily described their approach to philanthropy as either ‘strategic philanthropy’ or ‘venture philanthropy’. The nine participants who described their approach as ‘strategic philanthropy’ argued accountability mechanisms help funders ensure they are getting “the best value for money” and that their capital contributions are “not being wasted” (E8). For all nine of these participants, philanthropic contributions – even once made – were viewed as the possession of the funder, thus giving that funder a right to know what the recipient is doing. As summarised by I2: “You have fiduciary obligations to your donors to use the money as judiciously as you can”. Strategic philanthropy participants largely achieve this desired accountability through impact measurement, but interestingly noted that the degree of accountability sought needs to be proportionate to the size of one’s capital contributions: while most claimed to measure the impact of all their ‘significant’ philanthropic engagements (i.e. those involving large contributions of economic capital), they are less concerned about measuring the impact of relatively smaller engagements. As stated by I3, for instance: “I think it does depend on the amount of the donation. So if you give 50 quid cos somebody’s done a fundraising walk for RNLI, I don’t really expect the RNLI to write me a long report.” Similar to their attitudes towards due diligence (Section 6.3.2.), these participants described expecting a smaller degree of reporting or accountability if they are providing relatively smaller capital contributions.

Three participants – all of whom described themselves as venture philanthropists – similarly prioritise the accountability of recipients to their funders, relying on impact measurement to do so. However, these three participants – and the other three participants also taking a venture philanthropy strategy – predominantly emphasised the role of impact measurement as a tool for learning rather than accountability, evaluating the extent to which an initiative was ‘successful’ and learning what could be done differently in future to further improve the rate of success. Given the centrality of impact measurement to their philanthropic model, the willingness of recipients to engage in impact measurement can be a deciding factor in whether venture philanthropists are willing to support them. As summarised by E9: “If they don’t get it then we don’t invest. It’s very simple – we don’t take the time to convince them.” Thus, whether impact measurement is used for learning or accountability, it remains a key feature of the venture philanthropy strategy portrayed by participants.

Accountability of recipients to beneficiaries. Whereas most participants perceived a need for recipients to be accountable to their funders, only one – E12 – stated a need for recipients to be accountable to end beneficiaries. This was in response to my prompt during the interview: after previously stating the importance of recipients being accountable to them, I asked to who else recipients need to be accountable. E12 responded: “Well not just to us but also the wider stakeholders”. When asked how they 234 support this accountability, E12 stated: “It’s part of the impact reporting. We look at the relationship dynamics, how often [RECIPIENTS] visit [END BENEFICIARIES], how often [RECIPIENTS] talk to [END BENEFICIARIES], how [RECIPIENTS] manage their stakeholders.” E12 later clarified that these stakeholders primarily included end beneficiaries but also related parties such as beneficiaries’ families. The lack of attention on end beneficiaries was notable across the sample of participants: the attention was primarily on accountability, and the relationship formed in general, between themselves as funders and their immediate recipients (typically intermediary organisations such as charities), rather than end beneficiaries.

* 1. *Accountability of funders*

Only six participants described a perceived need for funders to be held accountable for their philanthropic activities. These six all discussed the accountability of funders to their recipients. L1, for instance, serves on the board of and is an investor in a social investment fund. L1 described this fund as: “…an organisation that really values customer relationships. It’s not just about providing them with funding”. To help maintain positive relationships with their recipients, this fund issues an annual ‘customer survey’ in which they ask for feedback on their performance as funders. This survey was presented by L1 primarily as an accountability mechanism.

E9 – a venture philanthropist – also added the need for themselves as philanthropic funders to be held accountable: “In fact, in terms of philanthropy we should be held to account also for our investments, so I don’t see it’s any different for anyone else.” When asked who they think they 235 should be held accountable to, E9 responded: “The charity regulators”. No participant stated funders should be held accountable to end beneficiaries.

For each of the six participants who emphasised the need for funders to be accountable, the primary means of achieving this type of accountability used was transparency: openly reporting on their performance, and publishing records of philanthropic engagements online. As stated by E9: “We pride ourselves in being very transparent so if anyone wants to hold us to account – they can.” None presented impact measurement as a relevant or used means of accountability for this purpose.

1. **Discussion & Conclusions**

In this study, I have examined HNWI-philanthropists perceptions of accountability including the perceived role and function of accountability, mechanisms through which they aim to achieve accountability, and who they believe should be held accountable to whom. In so doing, I identified and demonstrated the connections between HNWI-philanthropists strategies and approaches to philanthropy and their views on accountability.

This insights address the previous dearth of literature examining HNWI-philanthropy, particularly in the UK, and the perceptions of HNWIs on accountability. Participants of this study expect SPOs that receive their support to remain transparent with how their contributions are used by the organisation as a bear minimum. Those who self-describe as strategic or venture philanthropists also conduct impact measurement – presented initially as an effective mechanism of holding SPOs they support to account for impact achieved. Venture philanthropists also portrayed impact measurement as a learning mechanism – evaluating what works and how initiatives can be improved.

These findings support concerns over the effects of impact measurement: impact measurement is inherently exclusionary as not all SPOs can afford to undertake such measures and not everything is quantifiable or can be evaluated using current impact measurement techniques. Accordingly, some SPOs and some causes are more difficult to measure the impact of than others. Given those participants who value and conduct impact measurement were rigid in their views and described avoiding those organisations not willing to measure impact, SPOs unable or unwilling to measure impact are hence more likely to go unsupported by HNWI-philanthropists. Given measurement is a performative exercise, questions of who decides what gets measured and how remain important.

We continue to lack insight into how these are subsequently viewed and experienced by recipients. Future research may therefore examine the perceptions and experiences of SPOs responding to impact measurement and transparency requests and requirements from HNWI-philanthropists and the impact such measures have on their organisation and mission.

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Arudvabi et al 2020

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1. The FCA is the UK’s independent financial regulator. [↑](#footnote-ref-1)
2. I3 left their banking career several years prior and is now a charity Director – a role from which they do not always claim an income. [↑](#footnote-ref-2)
3. L5 left their career prior to interview to establish a social enterprise which was yet to launch. [↑](#footnote-ref-3)
4. P1’s wealth was inherited. They do not hold any income-providing job. [↑](#footnote-ref-4)