WHAT LEADS TO IMPACTFUL FAMILY PHILANTHROPY?

FAMILY INCUBATION AS A MISSING LINK

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1. **Abstract**

The massive influx of wealth into philanthropy has created the promise of real progress with respect to sustainability goals. Moreover, a large portion of this giving comes from entrepreneurial families, whose giving often differs due to their focus on family-centered noneconomic goals. However, previous research has failed to examine the distinct role of family enterprises in philanthropy, and how the family’s focus on family-centered noneconomic goals can change why they engage in philanthropy, how they give, and what they view as achieving impact. Drawing on an in-depth multiple case study, we develop a model that explains how entrepreneurial families navigate their family philanthropy to achieve the desired impact. We identify a process model of impactful family philanthropy and introduce the new construct of family incubation. Overall, we contribute to the literature on philanthropy and family business research, crystallizing the pivotal role of family incubation in impactful family philanthropy, and shedding light on the dynamic evolution of philanthropic activity conducted by entrepreneurial families.

1. **Introduction**

Family firms, due to their significance and presence in many economies around the world, are uniquely positioned to lead sustainable change (La Porta et al. 1999). Indeed, the total amount of philanthropic contributions are enormous, totally over EUR 87.5 billion annually in Europe alone (Hoolwerf and Schuyt 2017). A large portion of this giving comes from entrepreneurial families, which contribute to a variety of societal and environmental causes, whether at local community or global level. Despite its importance, research in philanthropy largely overlooks the distinct philanthropic activity undertaken by entrepreneurial families (family philanthropy) which may arise, for example, from the family-centered noneconomic goals as well as their long-term, transgenerational orientation (Gómez-Mejía et al. 2007). This oversight is important, because the family’s focus on family-centered noneconomic goals could radically change why they engage in philanthropy, how they give, and what they view as achieving impact. For example, the Pinault and Arnault families have both been heavily criticized for their responses to the 2019 Notre Dame fire. The day after the incident, each pledged more than $100 million to the restoration efforts. But they failed to follow through on their generous promises for over six months, subjecting them to public scrutiny and severely damaging the firms’ (and the families’) reputations.

Indeed, many entrepreneurial families that are successful in business may be less successful when it comes to achieving impact through philanthropy. Although often reluctant to admit it, many families have experienced failed grants, failed philanthropic projects or circumstances where their money could not be traced and its impact could not be measured (Vogel et al. 2020). In contrast, family philanthropy, when impactful, can become a mechanism through which ethical values are internalized and enforced within an entrepreneurial family (Hoy and Verser 1994; Vazquez 2018; Vogel and Ahlström-Bondestam 2020). Therefore, we aim to answer: What leads to impactful family philanthropy?

This research question is particularly important for a number of reasons. First, philanthropic resources, as in business, are very limited. Second, mitigating or resolving global issues requires the coordinated efforts of multiple and heterogeneous stakeholders. Third, for entrepreneurial families, achieving impactful philanthropy can be a particularly difficult task as philanthropic organizations do not have shareholders, “clients” or an owner, thus a charitable vehicle enjoys a unique freedom to act. As such, it can lead to positive and negative consequences for the beneficiaries or entrepreneurial families engaged in philanthropic activities themselves (henceforth, philanthropic families). Understanding the elements behind impactful family philanthropy can help entrepreneurial families achieve their philanthropic ambitions and desired impact. Most importantly, such understanding can enhance current theorizing about the distinctiveness of philanthropic behavior in the ubiquitous setting of entrepreneurial families, where philanthropy plays a key role for socioemotional and financial wealth creation, and its preservation across generations (De Massis et al. 2021).

To answer our research question, and in collaboration with FBN (Family Business Network, a global federation of entrepreneurial families), we have conducted a research project with a global reach on family philanthropy entitled “Navigating your Family’s Philanthropic Future - Across Generations.” In addition, we found interesting case studies by means of the “snowball effect.” Our interviewees were asked whether they knew of other entrepreneurial families that had also been actively engaged in family philanthropy. As a result, to identify our study’s sample, over the course of two years, we conducted in total 70 in-depth and semi-structured interviews with philanthropic families, nonfamily foundation managers, as well as some of their beneficiaries around the world.

To study the process of impactful family philanthropy, we used an exploratory qualitative research approach (Eisenhardt 1989; Yin 1994). Given the limited theory and evidence, we conducted theory-building based on the selected multiple-case study (Eisenhardt 2021; Eisenhardt and Graebner 2007). This approach is particularly relevant for process questions such as ours (Eisenhardt et al. 2016). As a result, we focused on identifying a particularly insightful group of philanthropic families from Europe. Out of a total of 39 interviews with philanthropic families in Europe, we selected 10 cases that offer an extraordinary window to address our research question (De Massis and Kammerlander 2020). We selected 10 philanthropic families that met the following criteria: Each family (1) was of European origin, (2) was led by the third generation or older and (3) owned at least two businesses in their portfolio. In addition, we complemented our interview data on these philanthropic families with archival data collected via NexisUni, Factiva, Google search and social media such as LinkedIn. We also incorporated observational data collected during visits by families to the IMD Business School campus in Lausanne, Switzerland or while attending global FBN events (the FBN 29th Global Summit in Venice, Italy; the 30th Global Summit in Udaipur, India; the FBN Global Family Gathering 2020-2021; the 31st Global Summit in Budapest, Hungary).

Our qualitative inquire into this rich body of empirical evidence led us to identify the new construct of family incubation as a key aspect behind the process of impactful philanthropic activity conducted by entrepreneurial families. We apply the notion of family incubation in this new setting, and we extend the view that family incubation is an important missing link shaping the family philanthropy process. Family incubation emerges as a crucial step in the process leading to impactful family philanthropy. It allows family members involved in philanthropy to ideate, reflect, decide, and plan for what they initially envisioned (i.e., the cognitive plan) as their family’s philanthropic impact. By distilling the pivotal role of family incubation in impactful family philanthropy and unearthing the dynamic evolution of family philanthropy, our study’s findings advance the literatures on philanthropy and family business.

1. **Theoretical setting**
   1. **Philanthropy and family firms**

Today’s philanthropy is unlike the traditional philanthropy of the past century. Addressing issues beyond helping the poor and welfare, it focuses more broadly on public causes like health, well-being and climate change (Schuyt 2010). The modern definition of philanthropy goes beyond donations of money and includes “all voluntary contributions (money, goods, time, expertise) given by individuals and organizations for the benefit of the public good” (Schuyt, 2010, p. 777). Furthermore, in recent years, research on philanthropy has expanded, which is reflected in the creation of a number of concepts like venture philanthropy (Letts et al. 1997), customary philanthropy (Bell et al. 2012), or strategic philanthropy (Frumkin 2010), among others.

Even though the term “family philanthropy,” or its derivatives, for example, “family firm philanthropy” (Bhatnagar et al. 2020) have been widely used, there is still no common definition in the literature. Traditionally, the focus of entrepreneurial families’ philanthropy is directed toward a family foundation. Previous research shows that family foundations differ from “the general population of foundations” in their size, board structure and workload of the trustees and staff (Brody and Strauch 1990). Family foundations are linked to the founder’s or family traditions and values, stemming from social responsibilities and a feeling of obligation to give back (Giacomin and Jones 2021). More recently, some scholars have distinguished between family foundations and family business foundations (De Massis et al. 2021), with the former representing a type of private foundation that operates with the hands-on involvement of an active donor and/or donor family (Lawrence 2000; Lungeanu and Ward 2012; Pharoah et al. 2009), and the latter being a type of foundation where the donor is a family-owned corporation (Du 2015; Schillaci et al. 2013).

Another stream of research investigated the effect of family ownership and/or management on the family firm’s engagement in philanthropy. For example, a study of small community businesses found that firms reporting higher levels of family involvement show higher levels of community involvement as compared to nonfamily firms (Litz and Stewart 2000). These authors argue that family presence is an important predictor of philanthropic behavior. In addition, a study of small- and medium-sized family firms shows that while family involvement in ownership positively influences firm philanthropy, its interaction with family management leads to a negative effect on that relationship (Campopiano et al. 2014).

Previous research also attempted to explain the “what” and “why” of engaging in philanthropy. For example, some scholars analyzed the founder’s models or patterns for giving, classifying family philanthropists into four distinctive types, i.e., (1) pure family (2) pure corporate (3) hybrid-founder (4) multiple philanthropists (Rey-Garcia and Puig-Raposo 2010). Other scholars developed a typology of the rewards that philanthropists (including philanthropic families) can derive from giving, such as (1) giving back; (2) making a difference; (3) absolving the self; (4) joining the club and (5) personal fulfilment (Maclean et al. 2015). Briefly, these findings support the view of high heterogeneity of entrepreneurial families’ reasons for giving or giving back.

Finally, previous research focused more broadly on the differences between family and nonfamily firms’ philanthropy, ethics, and legitimacy. Some scholars found that family ownership intensifies the effect of institutional pressures on firms’ philanthropic giving (Ge and Micelotta 2019). They showed that family firms, due to reputational and social reasons, donate more than nonfamily firms in order to “stand out.” Other scholars analyzed (1) how family-owned and nonfamily firms differ in terms of disclosure of social and environmental actions with family firms disseminating a greater variety of CSR reports but being less compliant with CSR standards than nonfamily firms (Campopiano and De Massis 2015); (2) the type of ethical climate with family firms exhibiting the caring climate as the prevailing type as compared to nonfamily firms (Duh et al. 2010); (3) the legitimacy for CSR actions with family firms showing a higher legitimacy levels than (publicly traded) nonfamily companies (Panwar et al. 2014) and (5) the use of unethical accounting practices with family firms engaging less often in earnings management relative to nonfamily firms (Martin et al. 2016).

Scholars focused on analyzing the differences between family firms and nonfamily firms in matters related to philanthropy, ethics, and legitimacy (Vazquez 2018), with the relative exclusion of the philanthropic family itself. This is an important omission, as philanthropic families tend to exercise family philanthropy and administer their patrimonial assets through various types of organizations (e.g., family foundations, family offices, family holdings) (De Massis et al. 2021). Therefore, we argue that “family philanthropy” seen through the lenses of an entrepreneurial family as the overarching unit of analysis would provide a more complete picture.

In sum, our review of the existing body of knowledge indicates that an important yet neglected area of research is the process that leads to impactful family philanthropy. Since family philanthropy is increasingly moving toward understanding its impact on society (Feliu and Botero 2016), it becomes necessary to examine the processes that entrepreneurial families apply in order to achieve their desired philanthropic impact. While entrepreneurial families are accustomed to make business decisions related to profitability, they might be less familiar with the steps needed to address philanthropic challenges. Understanding how such an atypical process unfolds for the philanthropically active entrepreneurial family would shed light on impactful family philanthropy.

1. **Methods**

A qualitative research design is particularly appropriate for our research purpose given the scarcity of theory to explain the impactful philanthropic processes of entrepreneurial families, and given our focus on understanding what are the mechanisms behind such processes (Eisenhardt et al. 2016; Yin 1994). Therefore, our research design is a multiple-case study that allows for replication logic, with each case confirming (or not) the inferences drawn from the others (Eisenhardt 1989, 2021). The research setting is made of entrepreneurial families (i.e., family firms’ owners and their relatives), which represent the most common form of ownership worldwide (De Massis et al. 2018). The focal process is family philanthropic giving. This enabled us to conduct a nuanced examination of how philanthropic families give over time.

* 1. **Data sources**

To identify a theoretical sample for building our theory, and to capture the heterogeneity of entrepreneurial families’ philanthropic giving, we conducted a broad search by interviewing over 70 interviewees from around the world including philanthropic families, nonfamily foundation managers and some of their beneficiaries. Out of the total number of interviews, 60 were conducted with members of philanthropic families. More precisely, we interviewed these family members who are actively engaged in philanthropy, from various walks of life —founders, family shareholders, family board members, family executives and next generations. Our interviewees represent 29 countries from around the world (Asia, Africa, North America, South America, Europe and Australia), the majority of whom are female family members (56 percent) and most of whom are involved to varying degrees in the business (ownership, board or top management-team level). In addition, we interviewed three ultra-high-net-worth individuals (UHNWI) who were no longer involved in the legacy business (sold) or were self-made millionaires.

Given the limited theory and evidence to address our research question, following the prescriptions of theory-building in multiple-case study (Eisenhardt 1989, 2021), we decided to build our theory using a sub-sample of ten philanthropic families that met the three selection criteria described in the following. Specifically, the ten families had a similar cultural context (Europe), they were led by the third generation or older and they owned at least two businesses in their portfolio. This enabled us to cut out unnecessary sources of unobserved heterogeneity.

The data collection process was designed as follows: We first conducted semi-structured interviews that lasted between 40 and 72 minutes. Each interview was based on an abbreviated interview guide consisting of five key parts: (1) background information on the family, business and philanthropy; (2) the philanthropic motivations of the interviewee and the entrepreneurial family (whether aligned or distinct); (3) the scope of giving for the individual, family and business; (4) the degree of the interviewees’ and other family members’ engagement in philanthropy and (5) the ways in which the philanthropy is organized (within or outside the family enterprise system; vehicle type: single, multiple, hybrid). We asked open-ended questions that focused family philanthropy (e.g., What is the primary cause that you support? Why not other causes? How do you decide what cause(s) to support? Who is involved?) and avoided inexact questions that were not specifically related to philanthropy. Next, we examined the responses and determined whether we had addressed all the critical points. Finally, we ended the interview using direct questions about the family’s ambitions and aspirations in philanthropy. Our use of both directive and nondirective questions helps to mitigate bias, and provides a deeper grounding of theoretical insights (Bingham and Eisenhardt 2011; Eisenhardt 1989). In addition, we sent follow-up emails, requesting additional sources of information (e.g., annual reports and websites). We subsequently triangulated our interview data using archival data. Specifically, we supplemented the interview data with archival data (e.g., websites, news, magazine articles, public profiles) from databases like NexisUni and Factiva as well as Google search, and social media sites such as LinkedIn. In this way, we retrieved, for example, background information about the selected families and their businesses, detailed information on the family history and the range and content of philanthropic activities. To avoid post hoc rationalization and to ensure construct validity (Yin 2003), these secondary data were integrated, in a triangulation process, with data drawn from the direct interviews.

In addition, the ten families selected for our study have a longstanding tradition of educating younger generations in larger family groups during family businesses’ dedicated programs or workshops at IMD Business School as well as during events organized by FBN International. Historically, almost all of the selected families have visited the IMD campus on several occasions during the period from 1994 to 2022, which provided opportunities for informal conversations and direct observations. These interactions between the IMD faculty and staff have allowed us to directly observe the families in an informal setting and to validate our assumptions about the decisions they made in their family philanthropy journey. Tables 1 presents the descriptive data about our interviewees, their families, and their philanthropic initiatives.

Table 1 Sample of interviewees and information on their entrepreneurial families (interview data)

|  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | **Interviewee** | | | | **Other family members that we interacted with over the years** | **Total no. of family members** | **Philanthropic cause** | **Recipients’ country** | **Funding source** | **Vehicle(s) through which philanthropy occurs** | **Vehicle’s board** |
| **Gender** | **Age** | **Role** | **Gen** |
| 1. | Female | 30-40 | Foundation Co-Founder, Chair | 5 | 48 | 300 | Education | Belgium | Individual | 1 Foundation, 1 Fund, 2 Social Impact Bonds | Family only |
| 2. | Male | 60-70 | Deputy Chairman of the Holding Company, Honorary President of the Foundation | 3 | 7 | 40 | Education, Emergency Relief | Italy | Family holding group | 1 Foundation | Mixed |
| 3. | Female | 50-60 | President of the Family Council, Board member of the Corporate Foundation, Board Member of the Holding Company | 5 | 12 | 40 | Arts, Film, Children, Education | Lebanon, France, Belgium | Inheritance, family business | 1 Private, 2 Corporate Foundations | 1 Family only, 2 mixed |
| 4. | Female | 50-60 | Foundation Co-Founder, Chair | 5 | 6 | 400 | Women, Children | Finland, India, Brazil | Individual, family business | 3 Private Foundations | Family only |
| 5. | Male | 50-60 | Foundation Chairman | 3 | 12 | 15 | Research, Social Causes, Culture, Climate, Environment | Denmark, Switzerland, USA | Family business | 6 Private Foundations | Mixed |
| 6. | Male | 40-50 | CEO, Foundation Chair | 3 | 26 | 150 | Education, Environment | Peru, India | Family business | 1 Corporate Foundation | Mixed |
| 7. | Male | 50-60 | Chairman | 3 | 2\* | 7 | Environment, Education | Germany | Family business | 1 Private Foundation | Mixed |
| 8. | Female | 30-40 | Board Member | 5 | 3\* | 10 | Environment, Reforestation | Indonesia | Family business | 1 Corporate foundation | Non-family only |
| 9. | Male | 60-70 | Chairman of Industrial Holding Companies, Chairman of the Owners’ Council | 4 | 24 | 30 | Research, Migration, Art, Environment | Finland | Family business, individual | No foundation | No board |
| 10. | Male | 30-40 | Manager | 4 | 3 | 17 | Social needs | Middle East, Sri Lanka | Family business | Direct donations, Charity committee | No board |

* 1. **Data analysis**

In line with the multiple-case approach (Eisenhardt 1989, 2021; Eisenhardt and Graebner 2007), we started by organizing the data for each philanthropic family into individual case stories. These stories describe the family’s philanthropic motivations (WHY), the scope of their giving (WHAT), the extent of their engagement (WHO) and the ways in which they organize their giving (HOW). We tracked all the various steps of an impactful philanthropic process with “a comprehensive, emergent approach that is appropriate for theory generation and theory elaboration using case data” (Bingham & Eisenhardt, 2011, p. 1443). More precisely, we used both open- and closed- ended approaches to determine the why, what, who, and how of family philanthropy. We assessed key elements of the process from interviewees’ explicit statements as well as from the evidence gathered from the secondary sources. After the individual case stories emerged from our data, we performed both within-case and cross-case analyses. Our within-case analysis focused on determining how each entrepreneurial family dealt with the philanthropic process. After the within-case analysis provided us with a deep understanding of each case, we then began our cross-case analysis. Specifically, we created tables to examine the similar themes that emerged from the multiple cases (De Massis and Kammerlander 2020).

Based on the emerging patterns, we developed tentative theoretical constructs. We subsequently refined these theoretical constructs through a so-called “replication logic,” returning to the data again and again to test, compare and repeatedly verify the existence of the specific themes within each case. We examined our emergent theoretical constructs in the context of the prior literature on philanthropic motivations, family involvement and family-practiced philanthropic activities, and examined the data for the emergence of these specific construct categories. Finally, we searched for surprising and unexpected aspects of the philanthropic processes and relationships. Accordingly, we engaged in both theory elaboration and theory generation (Eisenhardt 1989, 2021; Lee 1999).

We then went back and forth between our data and our emergent theory iteratively to explicate and modify our theoretical insights and findings. In addition, we added insights from the entrepreneurship literature to clarify our construct definitions and to strengthen our theoretical arguments, generalizability and internal validity (Eisenhardt and Graebner 2007). Overall, these steps allowed us to develop an emerging model for impactful philanthropy of entrepreneurial families.

1. **Findings**

The emerging model illustrating what leads an entrepreneurial family to impactful family philanthropy is reported in Figure 1. In the following, we examine the key elements of such model, i.e., impactful family philanthropy and family incubation, and upon request, authors can provide further evidence for all the other elements.

Figure 1 A process model of impactful philanthropy in entrepreneurial families

A diagram of a diagram

Description automatically generated with low confidence

* 1. **The impactful family philanthropy**

Since philanthropic families tend to give or give back over multiple generations, family philanthropy can lead to multiple temporal impacts (i.e., immediate, medium-term, long-term) or dimensional impacts (i.e., individual, firm, industry, regional, national, etc.) (Rawhouser et al. 2019). Furthermore, we find that philanthropic families, beyond having impact on society and business, are also impacted through their giving.

Our interviewees stressed that, for their families, being philanthropically active led to: (1) finding meaning and purpose beyond traditional family or business roles; (2) having an opportunity to live by the family’s values; (3) creating a meaningful narrative about the family and business, something that many generations can be proud of; (4) creating a shared legacy for the family belief system, which ultimately helps family members become better both as individuals and decision-makers; (5) bringing the extended family closer together through small grant allowances; (6) having an opportunity for the younger generation to learn the ins and outs of financial literacy and how to apply for and manage discretionary grants; (7) helping younger generations understand the privilege and affluence that previous generations may have not enjoyed; (8) helping family owners reflect on what is the right thing to do beyond economic factors; (9) helping to prepare the heirs to become responsible owners; (10) granting an opportunity for the minority family shareholders to voice own passions or to stay involved as the number of owned shares does not play as much of a determining role as in the business.

In response to this evidence, we propose the following definition of impactful family philanthropy: “A family’s collective act of giving to address unresolved societal and environmental challenges guided by desirable and achievable objectives that leads to impacts in four areas: society, business, reputation and stakeholder satisfaction and the philanthropic family itself.” Table 3 presents our evidence of impact achieved by the philanthropic family, both based on interview and archival data.

Table 3 Supportive evidence for impactful philanthropy

|  |  |  |
| --- | --- | --- |
| **Entrepreneurial** **family** | **Evidence** | |
| **Representative interview quotes** | **Archival data** |
| **1** | The foundation has a twofold objective: it has to be impactful, and it also has to reinforce the cohesion within the family. I was really glad to see the other two family groups being interested and increasingly involved. It makes a lot of sense to foster cohesion for the entirety of Belgian families – not exclusively within the three separate groups.  The idea is to have impact and reinforce cohesion, because if you have one but not the other – if you have impact but not cohesion – your foundation is at risk. In that case, you can’t rely on family donations in the long run. If you have cohesion but no impact, then you’d better organize trips or parties, and not make a foundation with beneficiaries, who at the end have certain expectations. | Created in 2015, the *[Alpha]* Foundation was born from the desire of several family members to unite around a common project in order to increase the impact of their philanthropic action and their societal commitment.  With the mission of improving the living conditions of present and future generations, the *[Alpha]* Foundation aims to develop activities in the field of education in Belgium.  Source: Link removed to preserve anonymity.  To bring education at the heart of the selected projects with the ambition to enhance education in the fairest way possible to give and provide each and every one their chances for a better mutual future.  Source: Link removed to preserve anonymity.  Our objective is to have a systemic impact, whether quantitative by supporting projects which gradually extend their scope of action, or qualitative by supporting projects which help public authorities in their thinking.  We support projects that operate at different levels in schools:   * collaborative work and teacher training: Teach for Belgium, * self-development and the ability for students to project themselves into the future, * the language of instruction, * remediation and tutoring, * school climate: University of Peace, * dyslexic pupils with special needs, * accessibility to the digital tool, * digital tools at school.   Source: Link removed to preserve anonymity. |
| **2** | We called it [*Beta*] because it’s the group financing the foundation, and because we wanted to give back some money to the people around us. There is not a particular relation between the people, the employees of the group and the foundation.  In 12 years of the foundation’s activity, we approved more than 100 projects, with a total investment of about 14 million euros.  We give the children of our employees’ scholarships. Every year, we select the best students with the best results at a secondary school, who are sons or daughters of our employees, and we give them 5000 euros each, for them to pay some fees at a university. They have to have very good results; and they cannot be, from an economic point of view, very rich family. This activity was set up in order to help to our employees. | Heavy philanthropic investments in the family’s region of origin.  Foundation participates in the photographic contest in “Focus Philanthropy” with the attached photo describing the important social and urban redevelopment of the “*[Beta]* Garden” in [*Beta*], an example of sustainability and participatory management of a common good.  Source: Link removed to preserve anonymity.  Honorary President of the Foundation declared: “Thirteen years ago our families decided to give life to the Foundation to bring together under the hat of a business foundation the many commitments and projects that the Group supported in the social sphere. I was asked to lead the Foundation as President and they have been years of great satisfaction and gratification for me. This experience brought me closer to a reality, that of the third sector, which I did not know and allowed me to share projects and hopes with people, organizations and associations that have made social commitment their mission. The baton now passes into the hands of *[Beta]*, who with passion and dedication has allowed the Foundation to become a solid and active reality throughout the country and also abroad, and to *[Beta]*, exponent of the fourth generation of shareholders of the Group who, with his sensitivity and resourcefulness, has the skills and enthusiasm to lead the Foundation operationally over the next few years. I am sure that they will be able to lead the Foundation towards even more prestigious goals.  Source: Link removed to preserve anonymity. |
| **3** | We funded one project with an NGO from Lebanon, and our subsidiary there was also working with the same NGO and had set a wonderful project in 2013 involving all the children from the whole country through the schools. It went even to the Ministry of Education; it was really a huge, huge project for a year within the whole of Lebanon. That was nice to know that the same NGO, we were helping in these two ways.  It’s a way for the family to come together around these [*philanthropic*] projects and have a family conversation on this. We are quite proud about it; if we don’t do it individually, we are quite proud that the companies can do something. It contributes [*philanthropy*] to a positive mindset in relation with what the company and the family does. | Since 2008, the mission of *[Gamma]* Corporate Foundation  is to act for children all over the world.  To respond to the mission, the *[Gamma]* Foundation focuses its action on three axes:   * The Foundation provides financial support to associative projects in France and in all the countries where the Group operates. The actions implemented are diverse and always address a local issue. * The Foundation supports the engagement of the employees by helping them to make their solidarity projects for children happen. * Every child, wherever he/she lives, must have access to a healthy and diet meal at school. The Foundation wants to make the school and the canteen a special place and its actions’ anchor point.   Source: Link removed to preserve anonymity.  “Ten years ago, when I decided to create a Foundation, I wanted the Group to meaningfully commit to solidarity actions with the conviction that our company could not sustainably develop without special attention paid to the societal and community issues for which we operate.  The supported initiatives by the Foundation bringing concretes solutions for the children, are fully in line with the Group’s mission and reflect its values.”  [*Gamma*], Chairman and Chief Executive Officer, Group – President of the Foundation  Source: Link removed to preserve anonymity. |
| **4** | Everybody in our family today will tell you that the foundation has done more in 10 years than the company has done in 50 years, in the sense of unifying the family, or doing the right thing, living according to our values, something we can all unify around. It has been immensely important in our family.  I sincerely believe in doing the right thing and trying to be the best version of yourself. I don’t believe in giving donations; it sounds like: “Oh, we’re giving donations. No! We’re investing in the future of humanity. There’s a big difference in donating or investing – and there’s always a return on the investment, but in this case it’s not monetary; it’s a better world.”  Through the collective impact, as a family, we are hoping: to have an impact on how people think about philanthropy. In the end, the world is made up of people, and we have 15,000 people working in our plants and factories around the world. If we can, through something like this, somehow influence the way we all go about our work – how we take our decisions, how we treat each other – it’s a huge potential. And that all ultimately leads to us, hopefully, doing the right decisions. | The goal of the Foundation is for every investment to reach maximum impact and an opportunity to achieve results on a larger scale. We therefor differentiate between strategic giving and charity and strongly emphasize that our investments ought to be strategic.  Our long-term partnership with [*Delta*]was further expanded through the foundation’s subdivision Foundation International. The foundation will also be one of the families participating in the newly founded project *[Delta]*, that supports *[Delta]*. At the end of 2019 the foundation also decided to begin a partnership with two new organizations - *[Delta]* and *[Delta]*. These organizations have great influence, mandate and opportunity to impact societal structures to a great extent. The partnerships with [*Delta*] and [ *Delta*] will begin in 2020.  In December 2019 the foundation’s investment portfolio was at a market value of €5.1 million (2018: €4.7 million).  Source: Annual report 2019; Link removed to preserve anonymity.  [*Delta*] is an internationally recognized bold initiative, that through its global partnership with *[Delta]*, the [*Delta*] organization for child rights, adds value to the purpose as well as business value to [*Delta*] companies, while achieving significant change in the global society.  [*Delta*] is unique collaboration between companies, foundations and stakeholders within the [*Delta*] with the aim to make strategic investments with impact to support the realization of the SDGs. We believe in the power of partnerships and innovative mutually beneficial collaboration. [*Delta*] brings together shareholders, employees, customers and society’s most vulnerable in collaboration with [*Delta*] to achieve change in society.  Through its global pioneering partnership with [*Delta*], [*Delta*] finds opportunities to innovate around equality and sustainability to solve some of the most pressing challenges in society.  [*Delta*] is a passionate and bold team effort to create something new from joint values with the desire to spark change for a better world for future generations. As a team effort we can scale up investments for greater impact on both businesses and children.  Source: Link removed to preserve anonymity.  The goals set by [*Delta*] are high: through investments, the initiative aims to guarantee a better world for children. [*Delta*] is a unique initiative created to address the challenges sustainable development faces. The initiative is founded by [*Delta*] companies and foundations in strategic partnership with [*Delta*] .  Source: Link removed to preserve anonymity. |
| **5** | It is always dangerous if one thinks: “Oh, gosh – I have the solution. I know everything. I can make one big thing and it will save the world, in my way.” It’s often better to try different approaches to get to where you want, and different regimes, different cultures, and more diversity.  We expect each foundation board to think a lot about how to get the most “bang for the philanthropic buck”: how do you get the best return on philanthropic investment? That’s quite important for us.  90 percent of what the company makes in profits goes to philanthropic causes, and that’s quite a high percentage. It’s only 10 percent for the family. We don’t expect big changes in our giving, unless the company becomes much more successful and then we can generate even more money that we can distribute.  The company is completely decoupled from our giving [*the selection of causes*], for example, money to advance research that could be used for our products. It’s not such that we never invest in this type of research, but the vast majority of our giving has nothing to do with the company. It’s not prohibited, but we try to have our giving driven by philanthropic necessity and not to support the business. | THE FOUNDATIONS are comprised of the two philanthropic foundations [*Epsilon*] FONDEN and [*Epsilon*] FONDEN. Among our grant areas are scientific, environmental, social and cultural purposes in Denmark and internationally.  Source: Link removed to preserve anonymity.  In 2019, [*Epsilon*] FONDEN and [*Epsilon*] FONDEN made a total of DKK 1.3 billion in grants to talented and inspiring people in Denmark and abroad.  The two foundations received 2,686 grant applications for projects related to research, social welfare, children and young adults, culture and society, the environment, and active senior citizens.  Source: Link removed to preserve anonymity.  The foundations are non-commercial foundations even though [*Epsilon*] FONDEN is the principal shareholder of [*Epsilon*], the parent company of the [*Epsilon*], which has more than 15,000 employees and comprises a number of companies, among which the brands [*Epsilon*], [*Epsilon*] and [*Epsilon*] are the most well-known. However, [*Epsilon*] FONDEN does not have any controlling influence within the [*Epsilon*] even though it is the majority shareholder.  Source: Link removed to preserve anonymity.  The companies of the [*Epsilon*] employ 16,000 people in 41 countries. Their hard work, day-in and day-out, makes it possible to generate the profits that, over time, have formed the basis for the foundations’ philanthropic work. A portion of the [*Epsilon*] annual profits are turned over to the foundations, which invests the money into a diversified portfolio in order to achieve the highest possible returns, and in so doing enabling us to maximize our philanthropic grants.  Source: Link removed to preserve anonymity. |
| **6** | Nobody knows when we give money. We don’t necessarily do it anonymously; we don’t require the anonymity – but the only thing that most of my family is interested in is that the employees of the company know we do it.  Probably 20 percent of them, they are very religious, so they do it through the church. There’s a lot of that that goes on, especially in France and Switzerland, for that part of the family. There’s a couple of others who have had medical issues in the family – lost a wife to cancer, lost this, lost that – so they will be giving on those axes.  The corporate foundation gave a couple of times, and the company did as well, to very small, undercapitalized things, and the money never goes anywhere. It’s the salary of five people for six months, and then the thing collapses. In the end, you feel cheated, because the people in need didn’t get anything.  End of 2018, there was a natural disaster or something, and we have 9000 employees in India, of whom 8000 make not the minimum wage but they make less dollars a day than I have fingers – let’s put it that way. 95 percent of those people gave something. So, we told the entire global population – people making 100,000 dollars a year who had given nothing. There was a massive social pressure, and we were getting calls like: “Can you reopen the website so I can give 10 bucks or 20 bucks.” The aspect of peer pressure is huge in this. The negative side is: “Do I get anything for my gift? Do I get a tax benefit? Do I get recognition?” When you get nothing, it’s very hard to motivate people. | We drive access to high quality education programs for all. With a focus on building creative skills, our programs directly enable and empower our participants to build stronger, more inclusive, more creative communities, while inspiring and equipping our children and young adults to make their mark on our world. ​  We, at the [*Zeta*] Corporate Foundation, believe in the power of creativity as the driver of change.  Thanks to our partners, including more than 40 organizations and associations, the [*Zeta*] Corporate Foundation has benefited more than 120,000 children and youth through its initiatives since 2016.  The Foundation supports education projects worldwide through direct support by the Foundation and calls for projects. Winning projects receive a donation from the Foundation for a period of three years, matched by the [*Zeta*] site, doubling the total amount given to the NGO.  Source: Link removed to preserve anonymity.  The Corporate Foundation works hand-in-hand with [*Zeta*] subsidiaries and factories, non-profit organizations and communities to find local innovative, best-in-class projects that focus on providing quality education for all.  The Foundation supports education projects worldwide through direct support by the Foundation and calls for projects. With the annual Call for Projects, we collaborate with subsidiaries and factories to enhance the impact of local social responsibility projects.  Source: Link removed to preserve anonymity. |
| **7** | What we did is we have some projects where employees of ours can work; they would get a day off so they could work in a social project. We thought it was a good idea, to get people together. We allowed our employees to do social work in their working hours, to see different things.  It’s very rewarding because you see what you can achieve, that you can make a difference. Things really can be better; you can really save people, and save their lives, and make their lives better. That is an important part. If you realize that you can make a difference, then it’s very rewarding and gives a lot back to the family and to everybody. I think it enriches your life. We all have to know that if you can afford it, and have a good life, then it’s great to give back.  ‬ | Supervision of more than 40 core projects [*in the area of youth support, education*].  Source: Link removed to preserve anonymity.  The [*Eta*] family has been committed to protecting local nature for more than ten years. During this time, more than 500 projects by local nature conservation associations were funded - for species protection, biotope protection and environmental education. In addition to broad funding, selected, larger species protection projects form the second funding focus, for example the successful reintroduction of the allis shad, which became extinct 80 years ago, in the Rhine, which was initiated by the [*Eta*] family in 2003. The species sturgeon, lynx, great bustard and bald ibis play a major role in this funding priority.  Source: Link removed to preserve anonymity.  In 2003 the [*Eta*] family founded the [*Eta*] Foundation. The foundation enables disadvantaged young people, who far too often do not have a real chance in school and training in our society, a perspective on a self-determined life.  The Foundation is committed to the conviction that we must not leave young people on the fringes of our society to fend for themselves - even if they have already been labeled as direct, refusal or through failure.  Everyone has the right to another chance. More young people should be able to develop their skills and find their place in life. You should feel at home in our society, find open doors and real opportunities. They should feel that help is available to them at all times.  The [*Eta*] Foundation’s funding focus is therefore on institutions and programs that help adolescents and young adults to successfully master the transition between school, training and work.  Source: Link removed to preserve anonymity. |
| **8** | We wanted to be more proactive and more efficient with our money, to do it ourselves, and we know exactly what we’re doing. That was very, very appreciated in terms of NGOs and for our customers as well, so it has a huge positive impact.  We are a pioneer; we are the first one in the industry to do that, and there are no other examples. We are the one who everyone takes examples from. We didn’t have any examples to learn from. In any other commodity, there was never anything like this done before. It was never heard of in the industry. | We believe that through cooperation with our customers, social and environmental NGOs, producers, researchers and other willing stakeholders, we can together develop and promote the adoption of responsible and sustainable standards and practices for our industry.  In the oil palm sector, the Roundtable for Sustainable Palm Oil (RSPO) is the most relevant example of stakeholders gathering to establish a global, demanding standard.  For our other crops, the Sustainable Agriculture Standard (from the Sustainable Agriculture Network) is our reference. Compliance with the SAN is demonstrated by obtaining Rainforest Alliance certification.  Source: Link removed to preserve anonymity.  [*Theta*] oil palm operations comply with the RSPO, and all our other operations (rubber, tea and bananas) are certified by the Rainforest Alliance. All productive [*Theta*] operations are certified by third-party bodies. Operations in development are certified when they become eligible.  [*Theta*] is calculating its baseline GHG emissions for monitoring and planning future emission reductions utilizing the ISO 14064 Standard. This standard is part of the ISO family of environmental standards and provides governments, businesses, regions and other organizations a complimentary set of tools for programs to quantify, monitor, report and verify greenhouse gas emissions. The ISO 14064 standard supports organizations to participate in both regulated and voluntary programs such as emissions trading schemes and public reporting using a globally recognized standard.  Source: Link removed to preserve anonymity.  [*Theta*] Indonesia believes in being a responsible employer and a “good neighbor,” and translates these concepts into realities. Fair labor practices are the norm in all its operations. Permanent and casual workers alike are employed according to labor regulations and receive fair pay. There is no tolerance for trafficked or forced labor; for the presence of under-age workers; or for any form of discrimination.  Source: Link removed to preserve anonymity.  [*Theta*] is the eldest daughter of entrepreneur-investor [*Theta*]. In 2013, [*Theta*] transferred his shares of the family-owned [*Theta*] to his three daughters, after which [*Theta*] joined the [*Theta*] Board of Directors in 2016. The transfer of ownership came with a very strong request from the next generation to the Board and management to focus on sustainable products, activities, and production processes.  Source: Link removed to preserve anonymity.  [*Theta*] is committed to the biodiversity conservation and positive social impacts. This commitment is exercised through the implementation of best management practices in both its own operations and within those of its suppliers.  Source: Link removed to preserve anonymity.  The pillars of the [*Theta*] Responsible Practices are:   * responsible social practices * responsible plantation and processing management * responsible development of new operations * responsible sourcing: full traceability   “Full traceability” means that we can trace all our production back to the field (plantation or smallholder block).  Source: Link removed to preserve anonymity. |
| **9** | We have only one aim, my wife and I, for our own children when it comes to upbringing, which is we would very much enjoy if they were to be good human beings. The other thing is that we believe very strongly that one of the most important things we can do as parents is to ensure that our next generation dreams their own dreams, not those of the parents. They should be able to decide whatever they decide, both with the companies and with the giving. That’s up to them. We’re not trying to impose anything on them, either. | The ownership professorship to be established at the Aalto University School of Business will integrate ownership as a fixed part of academic research and teaching. The professorship has received an enthusiastic reception, with numerous foundations, companies and individuals already supporting it with donations. “We strongly believe that the expertise and actions of owners have an impact on the success of a company,’ says [*Iota*], Chairman of the Board at [*Iota*], which has supported the professorship. “We hope that the professorship will provide a deep understanding of the role of good and competent ownership in the national economy to the benefit of our country.’  Source: Link removed to preserve anonymity.  “Two donations of 100 000 euros each were handed over to [*Iota*] at the School’s annual Scholarship and Donor evening. The donations come from the [*Iota*] and [*Iota*] Foundation and company [*Iota*] .”  Source: Link removed to preserve anonymity.  The 2020 Family Capital named as Top Business Leader/Family:  [*Iota*], Chairman at [*Iota*] and [*Iota*] named the 2020 Family Capital Top Business Leader  The Finn [*Iota*] has been a big proponent of the importance of family businesses in the world economy for years. Coming from a family business dynasty himself, [*Iota*] previously chaired the Brussel’s European Family Business Group, which lobbies on behalf of family businesses throughout Europe. [*Iota*] remains committed to the cause and is chairman of the Finnish [*Iota*] as well as helping to oversee numerous holding groups, many of them family-owned.  Source: Link removed to preserve anonymity. |
| **10** | Our family purpose is to make as much money as possible, to give as much money to good causes as possible. I’ve realized that our current business isn’t necessarily the best vehicle for that because it doesn’t make that much money right now. It makes a little bit of money but it’s not the world’s most profitable business. It’s quite a niche product, there’s limited room for growth.  If you’re saying, “I want to make as big an impact as possible, in the billions scale,” then you’re not going to achieve that with that company in the south of England. There’s a difference between the family purpose and the company purpose. I’m very much driven and connected to the family purpose. For that reason, I’ve decided that we need to have a family office, to make sure that we allocate capital to the best place for maximizing return. Maybe that’s just putting it back in the business, but, if we create a couple of funds that are super-profitable, then, if we’re true to our family purpose, we should be allocating money to these other funds and letting the company just sort of tick over.  I’m trying to create alternative places to put money, to keep our company competitive and to make sure that we are maximizing our charitable impact. | Supporting [*Kappa*] communities is integral to our Inspiring Kindness Mission. While the scope of this is limitless in many ways, we have focused our efforts on health projects and community causes in places where we saw the need was the greatest.  We designed and built – and now continue to finance the development of – the [*Kappa*] in Sri Lanka; we are improving clean water provision and sustainability in Niger; and we are supporting orphans through housing and education projects in both Russia and Ukraine.  Source: Link removed to preserve anonymity. |

* 1. **Family incubation**

Our evidence reveals that family incubation is a crucial aspect of impactful family philanthropy. In our context, family incubation is linked to the contemporary culture of entrepreneurial problem-solving of addressing modern societal and environmental challenges (Dees 2012). At the family incubation stage, and contrary to the approach of the classic culture of charity, philanthropic families engage in constructing a more refined image of what the future family philanthropy might look like. Therefore, we define family incubation as a collective and entrepreneurial family action in shaping (i.e., ideating, reflecting, deciding, planning) what will become a family’s complete philanthropic plan. More precisely, family incubation is a subprocess of impactful family philanthropy that helps family members develop the understanding, knowledge, and capabilities that are crucial factors in making better decisions (the why, what, who, and how of family philanthropy) leading to the creation of a complete philanthropic plan.

We observe a multitude of actions through which family incubation occurs in the process of impactful family philanthropy. Philanthropic families, similarly to entrepreneurs in the pursuit of venture creation (Alvarez and Barney 2013; Corbett 2005; Garud and Gehman 2012; Vogel 2017), engage actively in various activities related to supporting and testing configurations of heterogeneous family resources and capabilities. For instance, after having selected a philanthropic idea that emerged from both triggers and family collective goals, philanthropic families assess the necessary knowledge, resources, and capabilities to support the development of a more complete philanthropic plan. During the family incubation stage, philanthropic families examine the configuration and the capabilities of the family’s resources to validate whether a philanthropic idea has the potential to become an impactful philanthropic endeavor. Philanthropic families by engaging in family incubation can accumulate the missing information about their philanthropic idea, engage in experiments (e.g., testing different implementation strategies) or shape and refine their initial cognitive plan. They can more accurately assess the viability, feasibility, and desirability of their philanthropic plan, which helps philanthropic families achieve more impactful outcomes of their philanthropy.

Family incubation can vary considerably in duration and complexity. More precisely, philanthropic families engage in an activity to assess the resources, support and structures required to pursue a new philanthropic endeavor, and whether these are available to them from their existing family enterprise system. After this assessment, philanthropic families can develop a complete philanthropic plan that leads to a more successful philanthropic execution. At that stage, philanthropic families have a clear understanding of the level of family involvement, decision-making and governance with respect to their philanthropic endeavor. We argue that, through the family incubation process, philanthropic families alter the configurations of heterogeneous family resources and capabilities available to them through family enterprise systems to create impactful family philanthropy. As such, the process of impactful family philanthropy is linked to the processes of entrepreneurial exploration of new opportunities (Baert et al. 2016).

After the family incubation phase is conducted, the philanthropic idea can either evolve into a complete philanthropic plan or be shelved for an undefined period of time. We found that all philanthropic families in our study engaged to a greater or lesser extent in family incubation. Family incubation’s complexity is linked to family size, structure, and dynamics. The exemplary approach to family incubation came through in a number of interviews. The most prominent examples include the following:

*“My family hired a consultant to look at the opportunity to organize our philanthropic efforts together. The question was: “Would you be interested to allocate means to philanthropic projects that would be run professionally?” Then, there was a series of interviews conducted at the time in my own branch, and the answer was very much: “Yes, we do want to put some means together in order to have an impact that we wouldn’t have individually.” There was a series of causes that we suggested – it could be health, or culture, or et cetera. The big consensus was for education.”*

Foundation Co-Founder and Chair, family 1, female, gen 5

*“We didn’t get that much support from the family in the beginning, because there wasn’t really an understanding of what it is we want to do. We are to blame ourselves, because we didn’t know how to communicate it. When we got to reflecting and talking about this, we realized that all the cousins who hadn’t been in contact with each other, how much we all had in common. We could just sense the DNA – we still talk about it; we could just sense that we had the same values, which we hadn’t expressed, and we hadn’t understood, but when we opened up about: What do we believe in? What kind of world do we want to create? It just came from all of us, and all of us had the same opinion.”*

Foundation Co-Founder and Chair, family 4, female, gen 5

*“Together with my sisters, we developed a family charter with values like sustainability. We decided that we cannot live like that [receiving a dividend from palm oil], because we have values. Doing a family charter has helped us a lot because when there is a question that arises, like: What is important for you? How do you see the business? How is your business? How do you see the future; suddenly one has a lot of conscience about what works and where the problems are. We accepted the fact that we own this company, because we are the fifth generation, but with one condition: that we try to do our best. It was something vital, and the board felt that: if there wasn’t a change in the act of giving something back and starting that [philanthropic] project – it was a huge and a very long fight – we didn’t want to stay in the business.”*

Board Member, family 8, female, gen

*“We worked for seven years with an outside moderator to make sure that we were in agreement on how we should work together. We have initiated a project last year where the next generation is now working with a much younger professor to form a group that learns very early on how to work together.”*

Chairman of Industrial Holding Companies, family 9, male, gen 4

Often, however, family incubation can lead the family to conclude that they do not want to move forward with a specific philanthropic endeavor.

*“The original concept that was brought up was the concept of a foundation. We have had very long discussions about whether or not to set up some kind of family foundation. This has been a family discussion; the family has discussed together with the boards of the various companies what would be right: if we would want to do such a thing, what would be good for that specific company. Then, when we looked more into the administration and the legal obligations and the constraints related to a foundation, we felt that this was simply not the right way. So far, the unanimous decision by family members has been that we should not do so, because different family members have different things that really make them tick. Somebody may want to give personal donations to an orphanage, others may want to give money to something related to religion, others may want to support a local project in their geography.”*

Chairman of Industrial Holding Companies, family 9, male, gen 4

*“We had a long discussion with some people [advisors] about how we can ensure that the tradition of charitable giving continues for the next generation, and the generation and the generation after that. We’ve been looking at a lot of legal systems and mechanisms to see if it is possible – like putting it in the family charter, and everyone signs the family charter; putting it in the shareholders’ agreement, and everyone signs the shareholders’ agreement. The conclusion that most of us have come to is that it’s almost impossible to legally enforce it. Unless you put everything into a trust – at which point you’ve lost control of your business, it’s very hard to do that. We’ve created a family charter, but we haven’t implemented it. There is, amongst some family members, this understanding that you need to maybe have a family council, and there needs to be a platform for shareholders and family to be able to engage in philanthropy and in business without working in the business – all this kind of stuff.”*

Manager, family 10, male, gen 4

*“We discussed it a lot. I don’t know how long we talked about it. Some of the members really wanted it – probably like one or two. Some were dead against it, saying: “I don’t want to do it. I already pay taxes. Enough!” Then there was a kind of amorphous middle that can’t make up its mind, and since there is no momentum one way or the other, they kind of sit on the fence and go: Let’s talk about it in next year’s family meeting, we can bring this up again.”*

CEO, Foundation Chair, family 6, male, gen 3

*“Next year, I will leave the chairmanship, and we will have a fourth-generation member as the general manager of the foundation. We already interviewed possible [family] candidates. They will continue leading the foundation in the same way – of course, giving it some fresh air. Many family members still have their own philanthropy activities. Now, we try to get these together in order to make something structured, because when someone in the family makes a donation without coordination, it is very difficult to get a good result.”*

President of Family Foundation, family 2, male, gen 3

Family incubation can take a long time. In particular, when a family remains rather small in size or if family members are unwilling or unable to participate, such as when the next generation is still too young to shoulder any responsibilities, then family incubation remains a rather unstructured conversation between various family members.

*“I think, in this area [philanthropy], you never stop, and in the coming years, as the children will grow older, I will try to bring them closer to the social side, maybe as well as my wife. At the moment, we’ll see where that goes. At least, we talk with everybody and get some ideas. I’ll try to bring the family more into that, but it will take time. I think in that area you either want to be a part of it or you don’t. You can’t demand that everybody has to do it. If you have the idea that philanthropy is very important, and if people [your family] have that, then it’s fine; if they don’t, I don’t think it makes much sense to force them to do something in that field.”*

Chairman, family 7, male, gen 3

*“I ask them [the younger generation] regularly if they want to get on the foundation board. For the moment, I have one member on the family board, but in close collaboration with his sister. They say that they don’t have enough time to get involved more. That’s a question asked regularly, and they don’t want to have that kind of responsibility yet. They are coming into it quite gently and slowly, but they will come to it.”*

President of the Family Council, family 3, female, gen 5

1. **Discussion and conclusion**

Recently, Andre Hoffmann, the heir and vice-chairman of Roche, reportedly said that traditional philanthropy does not sufficiently address the world’s biggest challenges, and he called for an “entrepreneurial investment method of philanthropy – where sustainable impact and business case long-term viability are key” (Swissinfo.ch 2021). Even though previous research focused on studying the role of sole entrepreneurs in philanthropy, the role of the entrepreneurial family is essential as family firms represent the majority of firms around the world (De Massis et al. 2018). In this study, we started from the premise that that there is a scarcity of research on how family entrepreneurship is manifested through family philanthropy. Addressing this void is important because external pressures from activists, key stakeholders, and competitors as well as, internally, family members and employees alike drive family firms toward becoming hybrid enterprises with dual motives of securing profits while achieving societal or environmental impacts. Impactful philanthropy is complex, and it can become more so when giving together as a family. In this study, to achieve a more comprehensive understanding of family philanthropy, we focused on the “how” of impactful philanthropy. In identifying family incubation as a core entrepreneurial aspect of the impactful family philanthropy, we shed light on how to navigate this complex process of giving more effectively.

However, some scholars have equally called into question the ethics and motivations of entrepreneurial philanthropy (Harvey et al. 2021). They conclude that elite philanthropy, whether in its customary or entrepreneurial form, is ethically flawed, because it is through the persuasive use of ethically charged language that toleration of the status quo is increased (Harvey et al. 2021). Indeed, the twin cultures of charitable and entrepreneurial philanthropy differ in substantial ways. The former has a strong legacy in terms of the norms, legal structures, and language that shape behavior in the social sector, and the latter focuses on problem-solving, and describes a skill rather than a virtue (Dees 2012). Despite this criticism, previous research acknowledges that entrepreneurial efforts add value to the philanthropic process by decentralizing the innovation, experimentation, and learning (Dees 2012).

We suggest that family philanthropy in itself is not the wrong tool, but the way in which it is employed can lead to unimpactful outcomes. Therefore, we point out the crucial role that family incubation plays in the process, leading to achieving desired results in family philanthropy. Indeed, philanthropic families have been shown to contribute substantially to diverse philanthropic causes (Feliu and Botero 2016). Along with the families’ entrepreneurial orientation in the business, the ways in which they contribute philanthropically has evolved. Philanthropic families focus on the (entrepreneurial) creation and preservation of wealth and the (philanthropic) redistribution of that wealth to serve specified social objectives (Acs and Phillips 2002; Maclean et al. 2015). In addition to pursuing financial goals, they have the willingness to renew the family and business(es) for the next generations. Ultimately, this affects how they conduct their philanthropic efforts. Our qualitative investigation led us to discover a unique way in which entrepreneurial families engage in an impactful philanthropic process.

Our study provides two major contributions. First, we contribute to the literature on entrepreneurship by recognizing a unique way in which entrepreneurial families engage in an impactful philanthropic process. We find that an important element of impactful family philanthropy is about being entrepreneurial. We show that, by adopting elements of the contemporary culture of entrepreneurial problem-solving, family philanthropy is shifting away from the classic culture of “writing a check.”. The excellence of entrepreneurial problem-solving is “judged by the usefulness of the process in producing results or in producing knowledge that improves future efforts” (Dees, 2012, p. 322). Along these lines, we have developed the process of impactful family philanthropy with family incubation at its core. Our findings show that entrepreneurial families that integrate family incubation into their giving process can maximize their impact for society, business and, ultimately, the family itself. Therefore, we extend the classical view on philanthropy, showing how entrepreneurial efforts (i.e., innovation, experimentation and learning) add value to the philanthropic process (Dees 2012). We show that entrepreneurial families engaged in the process of impactful family philanthropy can “make use of their significant wealth (economic capital), entrepreneurial capabilities (cultural capital), know-who (social capital) and reputations or brand (symbolic capital) to create innovative solutions to deep-seated social problems” (Shaw et al., 2013, p. 584).

Second, we contribute to the literature on family business and philanthropy by integrating a novel concept of family incubation into the process of impactful family philanthropy. Some scholars already applied a form of family incubation into research on family firms (Dumas et al. 1995; Osnes et al. 2019). However, they focused exclusively on its application in the succession of family ownership. They argue that family incubation as an element in the process of succession of family ownership is a “handover of opportunity” in new leadership and/or ownership roles, leading to better outcomes than a regular succession of business assets (Osnes et al. 2019). During the family incubation phase, families develop strong bonds and feelings of mutual affection and admiration between multiple generations (Dumas et al. 1995).

In this study, we show that, in the process of impactful family philanthropy, family incubation helps to shift the focus from the cognitive philanthropic plan to the more complete philanthropic plan, leading the (wider) family “to feel the loci of responsibility in a profoundly unequal society” (Maclean et al., 2015, p. 24). While some philanthropic families may start with a clear idea of what their philanthropic cause may be, who their targeted beneficiaries are and what resources they require to address their cause, others might start with “only” a grand ambition and no clear understanding of what it takes to make a difference, who might the necessary partners be and how to organize it. Family incubation is a process in which the philanthropic family can engage in thinking, discussing and reflecting on the philanthropic idea in (preferably) a fun and informal way during family gatherings or meetings. During the family incubation stage, thanks to meaningful family conversations, often with the help of consultants or advisors, ideas (also called a cognitive plan) evolve and become validated. Philanthropic families engage in sense-making of the why, what, who and how of their family philanthropy.

We show that family incubation serves as a means of incorporating family values and the desire to give back, ultimately driving the success of family philanthropy. During this time, in a non-business setting, family bonds can be strengthened between the various family members and generations. Family members become more familiar with the causes that they aim to address collectively and, as a result, their choice of joining their family philanthropy matures and progresses, fostering collective commitment to family philanthropy. Not only does this subprocess build confidence in the family vision and mission, it also helps family members to become more organically and naturally rooted in the family context. Such experiences help anchor family members when leading their businesses through the turbulent times of economic uncertainty and global conflicts. During family incubation, the family enterprise system serves as the source of a strong partnership to help the philanthropic family accomplish philanthropic work that they could not do alone. Therefore, family incubation emerges as an important aspect of making a difference in the process of impactful philanthropy while providing an opportunity to achieve a desired impact. The notion of “family incubation” is novel and points to new paths for an entrepreneurial family to achieve impactful family philanthropy. It plays a crucial role in shaping a family’s philanthropic plan and, ultimately, leading to impactful family philanthropy.

1. **Implications for practice**

Today’s philanthropy is becoming more organized, transparent and professionalized as more philanthropic families seek to achieve a sustainable, measurable impact in an efficient manner through building effective partnerships at the various levels of their giving ecosystem. Furthermore, to address the biggest global challenges, many scholars and practitioners discuss the need to shift toward an emergent model of philanthropy that better fits the realities of creating social change in a complex world (Kania et al. 2014). Philanthropy advisors and consultants highlight that, now more than ever, philanthropic families display a “portfolio approach” to philanthropy (EY Consulting, 2016, p. 6). We find that philanthropic families use multiple channels to give simultaneously, developing their heterogenous interests from traditional giving to impact investing. Indeed, our research into some of the most prominent philanthropically active entrepreneurial families around the world provides evidence that these families give more holistically, using multiple vehicles and styles including direct donations and endowments (e.g., the Debiopharm Chair for Family Philanthropy at IMD), private foundations (e.g., Eva Ahlström Foundation), corporate foundations (e.g., Fondation d’Aide d’Urgence), charitable trusts (e.g., Ishk Tolaram Foundation), philanthropic funds (e.g., Bloom Fund) and even limited liability companies (e.g., the Chan Zuckerberg Initiative).

Furthermore, entrepreneurial families controlling a portfolio of businesses and other assets leverage and transfer knowledge and capabilities from multiple entities to exploit new opportunities (Baert et al. 2016; De Massis et al. 2021; Rosa 1998). The increasing connections between the business and social worlds can also be seen in philanthropic endeavors. For instance, De Massis et al. (2021) argue that entrepreneurial families often undertake philanthropic initiatives through family foundations or family business foundations, but at the same time observe that such initiatives can be undertaken through multiple entities in the family-related organizational ecosystem (e.g., family investment companies or family offices).

For practitioners, we provide a better understanding of family philanthropy and how they could assist philanthropic families that are concerned about their impact and creating a “safe space” for the family to work together. By revealing the anatomy of impactful family philanthropy, our findings caution family business practitioners about the importance of thinking carefully about their philanthropic journey and underscore the key aspects that need to be taken into account to accomplish that journey. As such, our emerging process model can also serve as a roadmap for philanthropic families on their giving journey.

1. **Limitations and future direction**

Our study also suffers from some limitations, which offer opportunities for future research. First and foremost, our research design, which is based on a rather large number of comparative cases, is of an exploratory nature. For this reason, future research may focus on scrutinizing the evidence that emerged from our analyses in a quantitative-empirical set up by converting the constructs proposed in this study into operationalizations that can be used, for instance, in survey designs. Moreover, we also encourage scholars to carry out a longitudinal, in-depth case study to scrutinize our findings and, in particular, the causality of the proposed associations. For example, a longitudinal single case study design might allow for a more systematic study of change of stories over time.

Furthermore, for most entrepreneurial families, we were able to conduct one interview with a representative family member, after which we had a number of informal interactions with their many family members to better understand their family philanthropy and business. We then triangulated the data with other information sources. Such research design is limited to the perspectives of a narrow group of family members, which opens an opportunity for future research to engage in cross-interviews with multiple family members representing different family branches and generations.

Finally, entrepreneurial families are increasingly recognized for their ability to create and maintain value across generation through a “family-related organizational ecosystem” composed by different family boundary organizations including family firms, family foundations, family business foundations, family offices, family investment companies and family academies (De Massis et al. 2021). As a result, we encourage future scholars to go beyond a family firm perspective to study family firm philanthropy (Campopiano et al. 2014) and take instead a family ecosystem perspective to understand the dynamics associated with impactful family philanthropy. Also, we welcome future research drawing on the psychological foundations of management in family firms (Picone et al. 2021) to investigate how the values, biases, emotions, heuristics, backgrounds, experiences and memories of the family and nonfamily actors involved in family philanthropy may shape this process.

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