

**Andrew Carnegie, World Making and the Logic of
Contemporary Entrepreneurial Philanthropy**

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This paper focuses on the relationship between the business and philanthropic endeavours of *world-making* entrepreneurs; asking why, how and to what ends these individuals seek to extend their reach in society beyond business. We present an original model of *entrepreneurial philanthropy* which demonstrates how investment in philanthropic projects can yield positive returns in cultural, social and symbolic capital, which in turn may lead to growth in economic capital. The interpretive power of the model is demonstrated through analysis of the career of Andrew Carnegie, whose story, far from reducing to one of earning a fortune then giving it away, is revealed as more complex and more unified. His philanthropy raised his stock within the *field of power*, extending his influence and helping convert surplus funds into social networks, high social standing and intellectual currency, enabling him to engage in world making on a grand scale.

Introduction

This paper has a dual purpose. The first is to present a more complete and intellectually satisfying explanation than presently exists for the involvement of super-wealthy entrepreneurs in large-scale philanthropic ventures. Entrepreneurs who become major philanthropists are referred to here as *entrepreneurial philanthropists*, and include amongst their number Richard Branson, Bill Gates, Barron Hilton, Sunnil Mittal and Pierre Omidyar . These individuals and others like them are distinguished both by a fierce drive to accumulate personal fortunes and by the desire to deploy a significant part of their wealth in pursuit of philanthropic ventures over which they can exercise control (Bishop & Green, 2008; Schervish, Coutsoukis & Lewis, 1994). Entrepreneurial philanthropists do not see themselves as simply disposing of surplus funds, but rather as actively investing their resources (money, know-how, time, social connections, reputation and prestige) in projects that promise high social rates of return. They are, in other words, powerful social actors engaged in the business of *world making* (Bourdieu, 1987), which we conceive, following Creed, Scully and Austin (2002: 475), as ‘the embedded ways in which agents relate to and shape systems of meaning and mobilize collective action to change social arrangements.’ Our second purpose is to demonstrate through analysis of the career, writings and impact of Andrew Carnegie (1835-1919), the progenitor of modern-day entrepreneurial philanthropy, how these individuals secure substantial personal returns from their philanthropic investments (Ostrower, 1995; 2002). We argue that philanthropic activities serve to boost the cultural, social and symbolic capital of entrepreneurs and increase their effectiveness as multi-positional agents within the *field of power*, the integrative domain that brings together elite actors from different walks of life, including business, politics, public administration, media and the law (Bourdieu, 1996; Maclean, Harvey & Chia, 2010; Moore, 1979; Useem, 1979). It is through coalitions, alliances and networks forged within the field of power that entrepreneurs are able to influence societal decision-making processes, resource flows, institutional changes, and public opinion (Burt, 2000; Geletkanycz & Hambrick, 1997; Zald

& Lounsbury, 2010). In assuming prominence at the pinnacle of society, legitimized and accepted in part through their status as philanthropists, leading entrepreneurs greatly increase their capacity to deliver desired outcomes within the realms of business and philanthropy.

In taking Andrew Carnegie as our exemplar, we aim to look afresh at his career and the continuing importance of his ideas and example. Carnegie was by no means the first wealthy industrialist to donate a large part of his fortune to philanthropic causes; but he was pioneering in his articulation of the ethics of entrepreneurial philanthropy and in putting theory into practice on a large scale (Curti, 1961; Wren, 1983): in terms of size of fortune, expressed in real terms, and the proportion of wealth disposed of charitably, Carnegie has few rivals (see Table 1). Invariably, the methods by which he came to accumulate his fortune and the reasons for its philanthropic disposal have been the subject of considerable academic interest. His rise from humble beginnings, the son of a Scottish handloom weaver who migrated to the United States in 1848 when Andrew was aged 12, settling close by relatives in Allegheny City near Pittsburgh, to owner of a mighty steel company, sold to J.P. Morgan in 1901 and reconstructed as US Steel, has been charted in detail (Hendrick, 1932; Wall, 1970; Livesay, 1975; Nasaw, 2006). There is likewise an extensive literature on his philanthropic activities from the early 1870s onwards (Lester, 1941; Van Slyck, 1995; Burlingame, 2004). What has not been done, however, is to consider how business and philanthropy were conjoined within his world. This we aim to do.

The paper divides into four main sections. We first consider how entrepreneurship and philanthropy are related and propose an original model of entrepreneurial philanthropy based on capital theory. The next section details Carnegie's rise to power, his accumulation of a massive fortune, and his philanthropic projects, principles and practices. There then follows an analysis of the ways in which Carnegie accumulated and exploited non-standard forms of capital. We demonstrate how philanthropy repaid him in cultural, social and symbolic capital, strengthening his business and enabling him to engage in world making on an ever larger scale. In the final section, we draw together the threads of our argument, consider the implications for theory, reflect on the enduring importance of Carnegie's philosophy and philanthropic practices, and assess the limitations of the study and potentialities for future research.

Entrepreneurship and Philanthropy

We define entrepreneurial philanthropy as *the pursuit by entrepreneurs on a not-for-profit basis of big social objectives through active investment of their economic, cultural, social and symbolic resources*. The emphasis here is on the involvement and active identification of the entrepreneurial self in the pursuit of opportunities for social betterment; the roles played by individuals varying by commitment and available resources, including those of mastermind, investor, partner and champion (Acs & Phillips, 2002). As such, our definition of entrepreneurial philanthropy resonates with the various labels used in recent years to describe entrepreneurs who bring to philanthropy more than just money: venture

philanthropy (Letts, Ryan & Grossman, 1997), strategic philanthropy (Sandfort, 2008), creative philanthropy (Anheier & Leat, 2006), enterprising philanthropy (Dees, 2008) and philanthrocapitalism (Bishop & Green, 2008). However, where we disagree with these sources is with respect to their emphasis on novelty; the idea that entrepreneurial philanthropy has emerged only in recent years in response to the challenges posed by globalization and persistent inequalities in incomes, health and economic opportunities. In our view, there exists a paradigm for entrepreneurial philanthropy that has been in continuous use since the late nineteenth century. We see few essential differences between the philanthropic practices of Andrew Carnegie and contemporaries like Bill Gates and Chris Cooper-Hohn (Bishop & Green, 2008: 1-87). In each case, there is recognition of the injustices stemming from structural inequalities, a desire for others to benefit from wealth creation, and active investment of economic, cultural, social and symbolic resources in ambitious schemes for social improvement.

A necessary but not sufficient condition for becoming an entrepreneurial philanthropist is to have amassed a fortune through one's own endeavours. Typically, in the entrepreneurial life course, the largest fortunes are made by those who become *dominant actors* within a defined economic field – Carnegie in steel, Rockefeller in oil, Hilton in hotels and Gates in computer software are illustrative – before extending their social reach and world-making ambitions. Dominant economic actors have abundant power, defined as *command over resources* (Maclean, Harvey & Press, 2006). They have risen to commanding positions within their industries typically through control of pivotal technologies or know-how, having a superior business model, and growth through large-scale mergers and acquisitions (Chandler, 1977: 415-500). By retaining control of their enterprises as they grow, they are able to extract economic rents from broad swathes of the population. The acquisition of property rights, which grant license to extract economic rents, thus emerges as key to a generic understanding of how great personal fortunes are made (Keister, 2002: 55-106; Kuznets, 1955; Piketty & Saez, 2003). Acquiring a nexus of property rights sufficient to become a dominant actor within an economic field is not a passive process, but invariably requires victory in a succession of *contests for control* (Bourdieu, 1996; Jensen & Ruback, 1983; O'Sullivan, 2000). Emerging victorious from such contests confers legitimacy and reinforces the right of dominant actors to harvest economic rents (Lado, Boyd & Hanlon, 1997; Schoemaker, 1990; Tollison, 1982). Those who lose out in contests for control – for example, when their business is sold to a more dominant player – may also benefit as a proportion of future economic rents are pre-sold in order to secure the advantages of domination (DeTienne, 2010). Entrepreneurial philanthropists, therefore, may be members of the super-dominant business elite like Bill Gates, or an entrepreneur who has already cashed-in, like his Microsoft co-founder Paul Allen.

In recognizing that power is fundamental to fortune making and philanthropy, and that the two are inextricably linked, we take a vital step towards understanding the true nature of entrepreneurial philanthropy, as *a world-making process through which already successful entrepreneurs use their power to accumulate more power, extend their social and political influence, and increase their capacity to shape society according to their will*. This definition

– which describes an accumulative rather than a distributive process – runs counter to the view of entrepreneurs who become philanthropists as altruistic individuals who, having made a lot of money, are now ‘giving back’ to society to ‘make a difference’ (Duncan, 2004: 2159) to the lives of others less fortunate ‘as an expression of [their] sense of community with others’ (Boulding, 1962: 62). Rather, our thinking is more aligned with those who conceive large-scale philanthropy in terms of hyper-agency (Bishop & Green, 2008; Schervish, 2005) and status distinctions within elite social groups (Ostrower, 1995). In our view, there are no clear motivational or temporal demarcations between the entrepreneurial and philanthropic lives of entrepreneurial philanthropists: the same individuals and the organizations they create are constantly changing and forever becoming (Chia, 2002; Tsoukas & Chia, 2002), and their dispositions are formed in specific contexts through everyday acts of practical coping and interactions with other actors (Clarke & Holt, 2010; Ucbasaran, Westhead & Wright, 2001). What distinguishes the most successful from the less successful is their capacity to learn, acceptance of changeability, and mastery of the on-going processes of industrial, organizational and personal transformation, which require them continuously to seize opportunities, fixing incrementally upon possibilities rather than what is now (Cope, 2005).

The model presented in Figure 1 is illustrative. In this, the entrepreneur is seen to possess four types of capital: economic, cultural, social and symbolic (Anheier, Gerhards & Romo, 1995; Bourdieu, 1986b; Harvey & Maclean, 2008; Terjesen & Elam, 2009). Economic capital consists of financial assets, non-financial assets like patents, tangible assets in the form of facilities, plant and equipment, and the systems, processes and organizational routines that facilitate production, distribution and control. Cultural capital is shorthand for the personal dispositions, knowledge, know-how, skills and capabilities of the entrepreneur, business associates and key employees. Social capital exists in the form of connections, networks, relationships and alliances that deliver market intelligence and provide access to critical resources. Finally, symbolic capital, the signifiers that generate trust in partners, financiers, regulators, customers, suppliers and employees, works silently but powerfully to energise the business and create belief within markets (Harvey & Maclean, 2008; Maclean, Harvey & Press, 2006). The arrows at the centre of Figure 1 suggest two things. The first is *transmutability*: the conversion of one form of capital into others (Bourdieu, 1986b). As priorities change, the free cash generated within a business from its stock of capital can be used incrementally for future investment (Dierickx & Cool, 1989). The second is *momentum*. When free cash generation is positive, a business has the opportunity through reinvestment to enter into a self-reinforcing cycle of growth (Mueller, 1986). When free cash generation is negative, the opposite situation prevails; the business withers and its asset structure decays. From this perspective, the most successful entrepreneurs are those with the capabilities needed to generate forward momentum and accumulate within their business significant economic, cultural, social and symbolic capital (Barringer, Jones & Neubaum, 2005; Finkelstein, Harvey & Lawton, 2007: 295-329), helping overcome the constraints to growth identified by Penrose (1959).

Entrepreneurs who ultimately emerge as dominant economic actors, leaders in their field, invariably have been on an entrepreneurial journey that has required them to embrace the necessity of deploying and accumulating each of the four forms of capital identified in Figure 1 (Finkelstein, Harvey & Lawton, 2007: 107-143). At the outset, having identified a winning product or service – a strong value proposition – and a business model through which this might be delivered, the challenge is to assemble the required economic, cultural, social and symbolic resources. It is not possible to devise a compelling value proposition without the market and technical knowledge that stems from cultural capital (Helfat & Lieberman, 2002). Sufficient economic capital likewise is required to implement a sustainable business model (Arthurs & Busenitz, 2006). Without adequate social capital, the essential support of suppliers, partners and financiers will not be forthcoming (Baron & Markman, 2003). If there is no symbolic capital, it will be near impossible to gain access to capital or convince potential customers of the benefits of purchase (Zaheer, McEvily & Perrone, 1998). The entrepreneur must therefore deploy and leverage the capital he or she possesses to kick-start the business and stimulate an upward spiral of capital accumulation. The deployment and rapid accumulation of social capital is crucial and dependent on the abilities and performance of the entrepreneur (Castanias & Helfat, 2001; Penrose, 1959). As momentum builds, fresh competitive challenges ensue: investment is required in infrastructure to capture economies of scale and scope; further knowledge and know-how must be acquired through investment in research and development or acquisition; additional social capital is needed to exploit market opportunities and navigate external environments; brand building and reputational enhancement likewise demand regular investment (Barney, 1997; Helfat, 1997; Petraf & Bergen, 2003; Teece, Pisano & Shuen, 1997). Throughout all of this, competitive pressures lead to regular contests for corporate control, restructuring and industrial concentration, simultaneously presenting new opportunities and challenges to develop capabilities and win competitive advantage (Anand, Capron & Mitchell, 2005; Barney, 1991; Capron & Pistre, 2002; Karim & Mitchell, 2000; Vermeulen & Barkema, 2001).

The journeys to the top taken by those who emerge as dominant economic actors not only demand foresight and personal resilience, but also increasingly high levels of cultural, social and symbolic capital (Maclean, Harvey & Chia, 2010). As companies become larger and more dominant, they also become more conspicuous and open to challenge from other powerful actors, such as politicians, regulators and consumer pressure groups (Domhoff, 1979). Dominant economic actors must exercise leadership on behalf of their industry as well as their own company. In doing so, they emerge as actors within the *field of power* in which the big questions of the day are settled through dialogue, negotiation and compromise between elite actors from different walks of life (Bourdieu, 1996; Domhoff, 2002; Maclean, Harvey & Chia, 2010; Useem, 1979). Within the field of power, dominant economic actors engage *dialectically* through conversations, speeches and other communications to shape opinions on matters of importance to their business (Smith, 2000); they operate *instrumentally* to form associations, alliances and pressure groups to lobby decision makers for agreed outcomes (Baumgartner et al., 2009); and they function *legislatively* in consort with politicians, lawyers and officials to manage changes in the laws, regulations and

established conventions that impact on their industry (Domhoff, 1979). In sum, entrepreneurs who rise to the top within their field, if they are to protect and enhance the position of their business, must learn to extend their reach beyond business to make common cause with other members of the elite (Clegg, Courpasson & Philips, 2006).

From this perspective, the field of power is the point of union between business and philanthropy. To navigate within it, business leaders require considerable cultural, social and symbolic capital, and the most successful actively seek opportunities to renew and expand their capital base. This is done by a variety of means. Cultural capital is acquired by moving in the right circles to gather intelligence from those in the know. Orchestrating and participating in social gatherings, from dinner parties to invitations to premier cultural and sporting events, are favored for this purpose (Baron & Markman, 2003; Giddens, 1984). Social capital is acquired by extending network reach, and so business leaders often mutate into multi-positional actors by accepting invitations to join the boards of educational, governmental, cultural, sporting and philanthropic organizations (Burt, 2000; Geletkanycz & Hambrick, 1997; Ostrower, 2002). Here, by making common cause, they become familiar with other influential members of the social elite. Symbolic capital is acquired through recognition and respect. To stand out from the crowd, to be a distinguished figure – revered not reviled – it is necessary to transcend self interest and promote causes with apparent selflessness (Suchman, 1995). Championing causes that attract the support of the public, by giving voice and investing resources, is a source of distinction, often rewarded through State honours and honorary degrees (Bourdieu, 1986a; 1996). Together, possession of high levels of cultural, social and symbolic capital enables dominant economic actors to increase their influence and power to determine the outcomes of societal events.

Our understanding of entrepreneurial philanthropy, viewed through the lens of capital theory, is modelled in Figure 2. This demonstrates that entrepreneurship (for-profit) and philanthropy (not-for-profit), far from being separate and distinctive activities, are related *symbiotically* one to another. Entrepreneurs invest economic capital in their philanthropic activities, most often through the vehicle of a charitable foundation, alongside their cultural, social and symbolic capital, which serve to increase the scale and effectiveness of their philanthropic activities, as the leverage achieved by Bill Gates through association with Warren Buffet illustrates (Bishop & Green, 2008: 1-5). The economic capital invested philanthropically by definition yields no direct return to the entrepreneur. However, potentially there are returns in the form of cultural, social and symbolic capital, which in turn might yield an economic return. Philanthropy thus construed serves as a vehicle for capital conversion, answering the question raised most succinctly by Boulding (1962, 60): what is ‘the motivation for genuinely unilateral transfers, that is, a *quid* for which there is no *quo*’? The answer, we propose, in contradistinction to Boulding’s argument that philanthropy represents a ‘pure gift’ motivated by altruism, is that successful entrepreneurs, as dominant economic actors, are drawn to philanthropy as an unimpeachable source of the cultural, social and symbolic capital needed to navigate effectively in the field of power. They seek out influential social circles in which charitable giving and sitting on the boards of philanthropic foundations is an expectation, and the wealthier you are the more you are expected to

contribute (Ostrawer, 1995; 2002). Not all entrepreneurs see the need to respond enthusiastically to the call; but for others, for whom further accretions of conventional wealth are of near-zero marginal utility, there is a powerful attraction to engaging in world making on a grand scale. The returns in cultural, social and symbolic capital alone might justify such actions, but indirectly and somewhat paradoxically philanthropy might also serve to boost the entrepreneur's financial fortunes. We now turn to put flesh on the theoretical bones through analysis of the career of Andrew Carnegie.

Carnegie, Entrepreneurship and Philanthropy

There is a wealth of sources, primary (his autobiography, books, articles, speeches and business and personal papers) and secondary (biographies and thematic studies), on the life and career of Andrew Carnegie. Here, we make no attempt to add to the factual record, but rather interpret what is already known from a capital theoretic perspective. We resist the tendency common in the literature to judge Carnegie or question his integrity. This is not our purpose. In our view, his actions and achievements are best understood in relation to *his lifelong quest to be somebody in the world, to make a big difference, and to be known for having made a big difference*. Carnegie, we assert, was both the author and 'hero' of his own unfolding story (Gabriel, 1995), forever looking ahead to the next chapter; actively seeking opportunity to engage in the business of world making.

There are few tales of rags-to-riches to rival that of Carnegie. He began his working life began as bobbin boy in a cotton mill in Allegheny City in 1848 aged 13 before joining the Atlantic & Ohio Telegraph Company as a messenger boy. It was here that he first made his mark, ingratiating himself with local businessmen and learning to decode telegraph messages by ear (Carnegie, 2006a: 33-60). His social skills and technical prowess brought him to the attention of Tom Scott, superintendent of the western division of the Pennsylvania Railroad, and in 1852 he was appointed Scott's personal clerk and telegraph operator (Laird, 2006: 18-22). He was an employee of one the nation's largest, most profitable and rapidly growing enterprises, and stood out by virtue of his diligence and willingness to assume responsibility for operational decisions. He became trusted by the Pennsylvania's senior executives, including company president J. Edgar Thomson, enjoyed regular increases in salary, and was cut in as junior partner on insider money-making deals. In 1859, he was promoted to superintendent of the western division of the railroad based in Pittsburgh (Carnegie, 2006a: 61-102; Nasaw, 2006: 54-65). As his range of business contacts multiplied, so too did his commitment to business venturing outside the company in oil, bridge building and iron manufacture. He resigned from the railroad in 1865 to pursue fresh opportunities as investor and company promoter, focusing on railroads, bridges and related industries (Carnegie, 2006a: 103-132). He made money by drawing up prospectuses and selling stocks and bonds in US ventures mainly in New York, his operational base from 1868, and London (Carnegie, 2006a: 133-157; Nasaw, 2006: 66-136; Wall, 1970: 212-231). His success provided the wherewithal to enter the steel rail business, exploiting the potential for large-scale, low-cost production promised by the invention of the Bessemer converter (Livesay, 2006; Misa,

1995). He and his partners invested heavily in a state-of-the-art works at Braddock near Pittsburgh, which they named after Edgar Thomson. The new enterprise flourished from the outset, with Carnegie as senior partner assuming the roles of strategist, decision taker, figurehead, contract chaser and negotiator, while his junior partners based in Pittsburgh had operational responsibility for the procurement, technical, manufacturing, commercial and financial aspects of the business (Carnegie, 2006a: 158-171; Nasaw, 2006: 137-183) . A combination of relentless organic growth, which secured economies of scale and drove down costs, and major acquisitions – Frick Coke in 1881, the Homestead steel works in 1883, the Duquesne steel works in 1890, Oliver iron mining in 1894, and the Rockefeller Mesabi iron leases in 1896 – which achieved economies of scope, had raised the company to a position of industrial dominance by the time it was sold to J.P. Morgan in 1901 for \$480 million (Chandler, 1977; Livesay, 2006; Misa, 1995).

At the epicentre of an upward spiral of business growth for over four decades, Andrew Carnegie enjoyed virtually unbroken year-on-year increases in income and wealth. Already, by 1865, the year he left the Pennsylvania railroad, where his annual salary was \$2,400, his income for the year was declared as \$38,750. By 1868, he was earning \$50,000 a year and had a net worth of \$400,000 (Nasaw, 2006: 105-114). His strategy, in pursuit of a great fortune, was to invest his free cash in the Pittsburgh-based cluster of businesses he controlled rather than diversifying his holdings. In maintaining control, he could insist that the bulk of profits were reinvested to increase capacity and reduce unit costs (Livesay, 1977: 420-425; Nasaw, 2006: 511-523; Tedlow, 2003: 52-59). His net worth was computed at \$14.80 million in 1890; probably an underestimate, as typically the book value of his firms was stated well below their market value (Wall, 1970: 320-330). This was confirmed on the sale of Carnegie Steel when his share brought in \$225.64 million in gold bonds yielding 5% per annum (Nasaw, 2006: 567-592). This sum was the economic resource underpinning Carnegie's great period (1901-14) as entrepreneurial philanthropist and would-be world maker.

His philanthropic journey, outlined in Table 1, had begun decades before. In 1868, aged 33, he reflected that to 'continue much longer overwhelmed by business cares and with most of my thoughts wholly upon the way to make more money in the shortest time, must degrade me beyond hope of permanent recovery' (Nasaw, 2006: 113-114). Making his mark in the world, even at this embryonic stage, was for Carnegie about more than making money. A few years later, after entering the steel industry, he committed to philanthropy in earnest. The church organ he presented to his former church in Allegheny in 1873 and the endowment of swimming baths to his native town Dunfermline in 1874 were portents of things to come. In paying for thousands of church organs, he was not inspired by Christian faith, but by his belief in the civilizing power of music (Carnegie, 2006a: 240-241). Likewise, the public libraries he donated to communities across the United States, Britain and British Empire, beginning in Dunfermline in 1879, bore testimony to his conviction that libraries, in promoting learning, could help others, however poor, to raise themselves up in the world (Carnegie, 2006a: 44-51; 2006b: 20-22). His ideas may not have been new; but through the organ and library programs, he raised the philanthropic bar by implementing systematic,

criteria-based grant-making on an unprecedented scale (Nasaw, 2006: 605-609). The model, refined progressively on the basis of experience, was to guide applicants through a process that ensured projects were properly scaled – organs to buildings and libraries to communities – and sustainable. In the case of libraries, sustainability was assured not by making endowments but by having local authorities accept responsibility for book stocks and running costs as a condition of grant (Van Slyk, 1995).

Carnegie's thoughts on enterprise and philanthropy, refined over the 1870s and 1880s through experience of both worlds, were brought together in 1889 in his two-part essay 'Wealth' published in the *North American Review*, and re-printed many times since as *The Gospel of Wealth* (Carnegie, 2006b: 1-30). In his view, the staggering inequalities of wealth of the industrial age were explained as a consequence of human progress. Competition between producers had led them to employ ever more productive technologies on an ever larger scale, resulting in the concentration of production in the hands of the most competent entrepreneurs. In the process, the population benefited from cheaper goods and rising living standards; but a small number of individuals with a rare talent for organizing had grown supremely rich (Carnegie, 2006b:63). This was bad not because the entrepreneurial class was undeserving of reward, but because the scale of reward was excessive, productive of envy, and threatening to the social compact between rich and poor, capital and labor. Successful entrepreneurs, he reasoned, had the solution at hand: they should administer their wealth responsibly for public benefit (Carnegie, 2006b: 65-67). Leaving fortunes to family members was debilitating as it sapped the moral fibre of beneficiaries; while simply leaving bequests in support of good causes was passive and potentially wasteful. What was needed was the active management of wealth by those most capable of investing wisely on behalf of the community, during their own lifetime. In Carnegie's words (2006b: 10):

This, then, is held to be the duty of the man of Wealth: To set an example of modest, unostentatious living, shunning display or extravagance; to provide moderately for the legitimate wants of those dependent upon him; and, after doing so, to consider all surplus revenues which come to him simply as trust funds, which he is called upon to administer in the manner which, in his judgement, is best calculated to produce the most beneficial results for the community – the man of wealth thus becoming the mere trustee and agent for his poorer brethren, bringing to their service his superior wisdom, experience, and ability to administer, doing for them better than they would or could for themselves.

By thinking big and providing communities with universities, libraries, hospitals, parks, cultural, recreational and sporting facilities, entrepreneurs might forsake almsgiving and focus instead on creating opportunities for 'those who will help themselves' by providing 'the ladders upon which the aspiring can rise' (Carnegie, 2006b: 11). Individualism might thus be preserved, and the perils of socialism and anarchism avoided. Entrepreneurial philanthropy was thus positioned as the best means of preserving a free, democratic society. Hence his famous dictum: 'The man who dies thus rich dies disgraced' (Carnegie, 2006b: 12).

In matters philanthropic, Carnegie lived by his word. Five things stand out with respect to his practice. First, and most obviously, Carnegie thought big and embraced world making on a grand scale (see Table 1); distributing the vast majority of his fortune

philanthropically in his own lifetime. The cluster of museums he created in Pittsburgh in the 1890s, for example, forms a cultural hub of edificial proportion (Couvares, 1984). Second, he invested more than money in his projects; he applied his cultural, social and symbolic capital to bring projects to life and expand horizons. His contribution to the international peace movement involved writing, public speaking, organizing high-profile events, pressing for legislative changes and international agreements, and seeking the support of ministers and heads of state (Dubin, 1979). Third, he was discerning and principled in his selection of philanthropic opportunities. Large numbers of unsolicited propositions were rejected; for example, he repeatedly refused funding requests from top universities and colleges, preferring instead to invest in schools for working-class children, black and white, such as Booker T. Washington's pioneering Tuskegee College and Carnegie Mellon University, originally the Carnegie Institute of Technology (Nasaw, 2006: 599-601). Fourth, Carnegie was not afraid to innovate, as the Hero Funds established in the United States and Europe to recognize the self-sacrificial deeds of ordinary citizens exemplify. His scheme to provide pensions for university and college teachers changed the face of higher education in the United States by raising standards, as only those satisfying strict criteria could join, and by creating the platform for a national higher education superannuation scheme (Wall, 1970: 826-834). Fifth, Carnegie consciously set out to make a difference in the long run by setting up his trusts and foundations on a sustainable basis. To achieve this – as with the Carnegie Corporation of New York – he resisted specifying mission and purpose in detail, preferring instead to issue guidelines and then allow the trustees to shape policy flexibly according to the dictates of the time (Wall, 1970: 883-884).

Carnegie, Capital Accumulation and the Field of Power

The picture of Carnegie emerging from our analysis is of a committed entrepreneurial philanthropist, an orchestrator and hyper-agent motivated by a passion for world making. His words and deeds cannot be explained by altruism, which does not sit easily with his egoism and love of power. What stands out more strongly is that philanthropy repaid him handsomely in terms of cultural, social and symbolic capital, increasing, not diminishing, his overall capital stock, and securing for him a position of influence as a multi-positional actor within the field of power (Bourdieu, 1996). We elaborate this thesis below, proposing that philanthropy should be viewed as part of his career-long drive to accumulate and exploit non-standard forms of capital as a means of fortune building and world making (see Table 2).

Accumulating Cultural Capital

Cultural capital may be assimilated without conscious effort through everyday interactions with people and things within micro-environments; what Bourdieu (1990) calls *habitus*, the invisible but powerful structuring structure that is formative of dispositions, preferences, tastes and personal style (Anheier, Gerhards & Romo, 1995). Families especially imprint themselves, and it is through families that cultural differentiation between social classes and class fractions is perpetuated. Individuals emanating from the upper reaches of

society, Bourdieu observes (1991; 1996), come ready equipped with a social compass, enabling them to act appropriately in a wide range of social situations. Their counterparts from less privileged backgrounds, by contrast, if they are to be competitive, must compensate by acquiring cultural capital more consciously through emulation, conversation, formal instruction, reading, research and experimentation. In the case of Andrew Carnegie, he acquired through habitus, as a member of a politically radical family, the disposition to challenge the prevailing social order, campaign for change, and advocate social improvement (Carnegie, 2006a:7-32). His family may have been materially poor, but in terms of cultural capital his inheritance was not negligible. He was instilled with a fierce desire to learn, to have and apply knowledge, and, while he may have had just a few years at school in Dunfermline, he was an accomplished autodidact (Nasaw, 2006: 44-45, 60-61 & 90-92).

Carnegie's writings on travel (1890, 1933), the United States (2005), industrial relations (Wall, 1992), business and philanthropy (Carnegie, 2006b), and his own life (2006a), confirm by their fluency, detailed observations, stories and robust argumentation that he was a knowledgeable thinker with a talent for expressing himself succinctly. Far from devoting all of his time to 'money grubbing', he made time throughout his career for reading and cultural pursuits (Nasaw, 2006: 185-87). As a young man he gained access to Colonel Anderson's library in Allegheny City, which fuelled a lifelong passion for the study of history, politics, current affairs, literature and philosophy; writing in his autobiography that he would not exchange his 'taste for literature ... for all the millions that were ever amassed by man' (Carnegie, 2006a: 45). As his career blossomed, he spent long periods travelling and observing other cultures and economic systems. His first long vacation in 1862 took him to back to Scotland and then onto London, where he visited the Art and Invention exhibition at the Crystal Palace (Carnegie, 2006a: 99-102). In 1865, he made his first grand tour of Europe absorbing himself in art and music (Carnegie, 2006a: 127-128). A succession of tours and coaching holidays followed, traversing Britain, continental Europe, the Middle East and Asia, which gave him a deeper appreciation and sensitivity towards culture, politics and business (Carnegie, 1890; 1933). His learning enabled him to move freely in New York cultural and political circles, being elected to the Nineteenth Century Club in 1883 where he debated with university presidents and other public intellectuals (Nasaw, 2006: 207-220). Earlier, when still resident in Pittsburgh, he had already begun to acquire through emulation the manners, dress sense, tastes and sensibilities of an upper-class gentleman, affectionately describing in his autobiography how Miss Wilkins, the daughter of Judge Wilkins, head of 'the leading family of Western Pennsylvania', took him in hand and furnished him 'with another means of self improvement', teaching him how to relax and enjoy 'musical parties, charades, and theatricals' (Carnegie, 1920: 86-7). His later success as society host at his homes in New York and Scotland, where he entertained prominent writers, musicians, academics, politicians, lawyers, industrialists, financiers, and even the British monarch (Edward VII), owed much to these lessons in charm, etiquette and storytelling (Nasaw, 2006: 303-306).

In the late 1870s and early 1880s, Carnegie's library program attracted widespread attention, bringing him into contact with politicians and opinion formers on both sides of the Atlantic. In Britain, he identified with the Liberal Party intelligentsia, forming an enduring

friendship with John Morley, editor of the *Fortnightly Review* (1867-82) and later Secretary of State for India (1905-11), and meeting and corresponding regularly with William Gladstone, Prime Minister for four terms between 1868 and 1894 (Carnegie, 2006a: 266-285). Inclusion in such circles opened up new vistas for Carnegie and brought him directly into contact with Herbert Spencer, the guru of social Darwinism, whose ideas he assimilated (Carnegie, 2006a: 286-292). He adopted Spencer's evolutionary view of society as advancing through competition and the survival of the fittest; there might be casualties along the way, but government should resist intervening and let natural processes dictate outcomes (Wiltshire, 1978). This was the philosophical foundation for Carnegie's writings on a variety of topics, including his pronouncements on how to succeed in business, organized labor and the virtues of republicanism (Nasaw, 2006: 221-232). In his world, philanthropy and the accumulation of cultural capital had merged seamlessly one into the other.

Accumulating Social Capital

Social capital exists when an actor within a network of social relations is willing to grant access to another actor to scarce resources under their control (Adler & Kwon, 2002). The resources sought by an actor may be tangible or intangible, and include money, information, introductions, opportunities and endorsements. Reciprocity is implied, but it is not a necessary condition for the existence of social capital; and while social relations may be stable and enduring, the willingness of one actor to favour another can never be guaranteed (Burt, 1997). The value of social capital is thus contingent; the fortunes of an actor rising or falling by current personal standing and network strength. Multi-positional actors like Carnegie pursue a strategy of accumulating social capital within several social networks to widen the pool of resources available to them and reduce exposure to network failure (Burt, 2000). To accumulate social capital within any network, an actor must satisfy the tacitly understood obligations of membership. Much depends on the capacity of the actor to win favor, which requires the acquisition and application of relational skills (Baron & Markman, 2003). Likewise, when breaking into or forming a new network, an actor cannot progress without instilling belief and confidence in others (De Carolis, Litzky & Eddleston, 2009).

Laird (2006) has demonstrated that social capital formation has been integral to the economic expansion of the United States from its inception. Her research pours cold water on the myth of self-made men who, like Carnegie, are seen to triumph purely by dint of their own personal resourcefulness. In Carnegie's case, he is shown to have benefited in the early days from family connections and rootedness in the Scottish immigrant community, which secured opportunities ahead of others. Once employed in the office of Tom Scott, he benefitted from having a mentor who was himself a rising star with a network of social relations extending beyond the Pennsylvania Railroad. It was here that Carnegie learned to exploit his charm and privileged position as Scott's confidante to refine his relational skills and gain entry to powerful business networks (Laird, 2006: 25-31). He emerged as a master of ingratiation; lionizing his friends and associates in letters and conversations while making plain what he expected of them. He was equally solicitous of business partners like Henry Frick, industry leaders like Edgar Thomson, financiers like Junius Morgan, intellectuals like Herbert Spencer, politicians like Theodore Roosevelt, and Heads of State like the German

Kaiser. In all cases, he applied the same recipe of flattery and high expectation (Nasaw, 2006). This technique, allied to a presumptuous, proactive approach to forging new contacts and keeping others warm, made him a formidable networker. His proclivity for gift giving and entertaining helped him hold together three distinct networks, each serving as a resource to further his business and world-making ambitions (Wall, 1970). His inner circle consisted of the family members and business partners who took daily care of his business interests in Pittsburgh. Beyond this was the circle of business leaders at the pinnacle of US industry. His wider circle consisted of a diversity of actors within the fields of power in the United States and Britain, and included financial magnates, top politicians, media moguls, cultural leaders and public intellectuals (Carnegie, 2006a: 172-177, 256-320).

Carnegie's emergence as a powerful actor within the field of power, replete with social capital, owed much to his philanthropy. After 1880, when his gifts of libraries to Dunfermline and Braddock became common knowledge, his various philanthropic endeavours were widely acclaimed (Nasaw, 2006: 207). The doors of high society and the corridors of political power were now open to him. He became famous during the 1880s as a writer and public intellectual through a series of articles in newspapers and magazines that engaged with topical issues of the day, notably tariffs, big business and the formation of trusts, and trade unions (Wall, 1992). His philanthropic activities lent him distinction as an individual who prized community and the welfare of others, enabling him to speak with seeming objectivity, appreciating all sides of a question; no more so than with respect to the labor unrest then rumbling across America. In 1886, he published in *Forum* magazine 'An Employer's View of the Labor Question' and 'Results of the Labor Struggle', in which he emphasized the common interests of capital and labor (Wall, 1992). The solution to wage disputes was not to ban unions but the adoption of sliding scales for wages, rising and falling in line with the prices of finished products. If strikes did occur, employers should be patient and close their premises rather than employing strike breakers because 'there is an unwritten law amongst the best workmen: thou shalt not take thy neighbour's job' (Wall, 1992: 102-3). Remarkably, for a time, before the bitter strike at his Homestead works in 1892, Carnegie commanded the respect of both the labor movement and the political establishment. He began to move in high circles within the Republican Party, holidaying in Britain with presidential candidate James Blaine, and becoming acquainted with a succession of Presidents, including Benjamin Harrison, William McKinley and Theodore Roosevelt (Carnegie, 2006a: 293-314; Nasaw, 2006: 327-324, 511-523). His position was consolidated by the publication of the *Gospel of Wealth*, showing how inequalities in the distribution of wealth might through philanthropy be turned to advantage (Carnegie, 2006b), and by systematically drawing in leading members of the elite like John Hay and Elihu Root as board members for his trusts and foundations (Nasaw, 2006: 593-682).

Accumulating Symbolic Capital

In any field of human endeavour, individuals who win the right to rule are those possessing the highest levels of symbolic capital, the formal and informal signifiers of legitimacy and distinction that mark out actors active within the field of power (Bourdieu, 1986a; 1986b; 1996). Formal signifiers include educational qualifications, prized

memberships, elevated job titles, and honours conferred by universities and governments. Informal signifiers, potentially more powerful but harder won, include public recognition, celebrity, identification with virtue, and lionization (Maclean, Harvey & Press, 2006: 23-49). Those with the right amount and blend of symbolic capital are by popular consent deemed fit to hold high office. They are trusted, their ideas respected, and their leadership accepted. They may not be universally liked or approved of, but they are perceived as credible and engender belief. The most successful actors recognize the importance of symbolic capital accumulation early in their careers. They gain qualifications and seek promotions and practical experience. They engage in image building and recognize the value of personal myth-making; stories which, though loosely grounded in fact, reveal to the world a desirable quality or capability. Recognition and reputation are further enhanced through *symbolic association* as supporters of powerful actors already active in the field of power. Inclusion on the periphery of elevated circles provides further opportunities to shine by gaining prized memberships and establishing voice through speaking, writing and the exercise of leadership. On moving from peripheral to central positions within the field of power their ideas gain intellectual currency, and they begin to collect the honours that speak of distinction.

The relentless rise in power and influence of Andrew Carnegie from the 1850s to the 1910s was both a consequence and cause of his capacity to accumulate symbolic capital. There are five constants revealed over seven decades. First, Carnegie was a master of symbolic association. He identified himself as supporter, friend and associate with many leading businessmen, intellectuals and politicians of his age, cherishing the role early in his career as ‘Scott’s Andy’ just as later he was happy to be known as a disciple of Herbert Spencer (Carnegie, 2006a: 68, 291). The patriotism evident in his writing, especially his bestseller *Triumphant Democracy* (1886), likewise positions him as a champion of the establishment, however seemingly radical his language and proposals. Second, he insisted on being heard, on putting forth his arguments. As a teenager he used his rhetorical skills to campaign for access to Colonel Anderson’s library, and thereafter he spent a large part of his time communicating through books, journal contributions, newspaper articles, letters to opinion formers, and public speeches, delivered in a direct, persuasive style. He considered his influence to grow ‘more than anything else’ from this ability (Nasaw, 2006: 187). Carnegie, in short, knew how to use ‘propaganda’ to further his cause. Third, he was expert in propagating myths that marked him out ahead of his rivals. In his autobiography, he describes how in a crisis situation he audaciously took over the scheduling of trains on the Pennsylvania railroad without authority, signing orders in the name of Scott. All worked out well and the legend of the talented ‘little Scots devil’ was born, communicated upward by his amused boss (Carnegie, 2006a: 66-67). Later, as we have seen, he propagated the myth of Carnegie, champion of the working man (Carnegie, 2006: 208-220; Wall, 1992), and Carnegie supreme dealmaker, one of few to get the better of J.D. Rockefeller (Chernow, 1998: 366-368). Fourth, he was never afraid to inflict *symbolic violence* (Bourdieu, 1990) to assert his independence and authority. As Tedlow observes, his eventual break with Scott following his withdrawal of support for the Texas and Pacific Railroad, was as much a public statement of independence as it was a rational business decision (Tedlow, 2003). More generally, the alacrity with which he censured or sacked senior managers, even partners, who deviated from

policy or instruction attests to his readiness to use fear as an instrument of control (Nasaw, 2006: 567-572). Fifth, Carnegie understood the power of the press and went to great lengths to cultivate good relations; providing stories, offering comments on unfolding events, and making headlines with controversial proposals, as in 1908 when he caused a sensation by advocating removal of the protective tariff on imported steel (Nasaw, 2006: 702-704).

Philanthropy was Carnegie's trump card in his campaign to accumulate symbolic capital. In terms of symbolic association, the scale of his giving set him apart and gave him access to elite actors denied to others. Few entrepreneurs had the opportunity to lecture elevated political leaders on pressing topics – for example, Gladstone on political organization, McKinley on imperialism, and Roosevelt on international peace – as Carnegie did (Carnegie, 2006a: 274-314). Fewer still had public tributes paid to them like Gladstone's review and recommendation of *The Gospel of Wealth* (1890) in *Nineteenth Century*. In terms of voice, the appeal of his writings on philanthropy made him the public face and spokesperson for the wealthy of America, establishing a creed and setting an example that others like Rockefeller later followed (Chernow, 1998: 313-314). In terms of myth-making, his pledge to distribute almost all his fortune in his own lifetime gave him the ultimate distinction of originality; all followers being, to use Bishop and Green's phrase (2008), 'Carnegie's children.' In terms of symbolic violence, his readiness to say no to the countless appeals for charitable donations received on a daily basis, like Gladstone's request for funds for the Bodleian library (Nasaw, 2006: 538), proclaimed his independence and spoke of his integrity. Finally, in terms of media manipulation, philanthropy provided a stage for public pronouncements, which he used to great effect in the aftermath of Homestead to restore his reputation; the speech he delivered in 1895 at the opening of his cultural complex in Pittsburgh made headline news, Congressman Dalzell eulogizing that 'there are unnumbered hearts here and elsewhere ... that beat to the measure of God Bless Andrew Carnegie, and hearts shall continue thus to beat through generations yet unborn' (Nasaw, 2006: 503).

Business, Philanthropy and the Field of Power

Elite actors within the field of power strive for enforceable agreement on matters of policy, law and resourcing within specific jurisdictions. Agreements assume legitimacy when public and elite opinion are aligned. When they are not, the potential exists for civil unrest (Smith, 2000). The stakes are high and contests between different coalitions within the elite over policies, laws and resources are common (Bourdieu, 1996). Politicians, given their ongoing need for electoral approval, are especially sensitive to public opinion, and the coalitions they join must strive for approbation (Domhoff, 1979). Thus the elite, while collectively dominant, is not immutable. The contests that take place require actors from different backgrounds to make common cause on an issue-by-issue basis (Clegg, Courpasson & Philips, 2006). It would be mistaken to think of the field of power as a set of factions or hard-wired networks. There may be established cliques, but this does not imply permanence, as fluidity is necessary for stability within power-laden social processes (Baumgartner et al., 2009). The most dominant actors have the resources needed to form and lead issue-based coalitions (Zald & Lounsbury, 2010). They have ready access to the elite meeting places

where members debate issues and form coalitions, and have the resources needed to launch and sustain lengthy campaigns for public support and government action (Giddens, 1984).

Andrew Carnegie, in possession of extensive cultural, social and symbolic capital, had the power and authority needed to serve as ‘play-maker’ in the business of world making. As entrepreneur, Carnegie’s greatest achievement was to mastermind the growth of his steel company from industry minnow to industrial mastery. On the ground, this required relentless pursuit of cost savings, quality improvements and increased production through the reinvestment of profits in superior plant and equipment (Livesay, 1977; Misa, 1995). Equally, it required Carnegie, from his base in New York, to assume a leading role in managing in the industrial landscape. His writings on industrial relations, trusts, and tariffs were interventions in a series of related but distinct contests to influence public opinion during the 1880s and 1890s (Hendrick, 1933; Wall, 1992). The unifying theme of the opposition to big business supported by the Democratic Party was that monopolistic practices and tariffs on foreign imports had kept prices high to the detriment of consumers, lining the pockets of Robber Baron industrialists like Carnegie (Nasaw, 2006: 481-484). It was true that the steel industry had been sheltered from competition, and that the most efficient firms had earned super-normal profits in consequence (Misa, 1995), but Carnegie countered that tariffs had enabled the industry to establish itself with enormous benefits for employment and economic development (Hendrick, 1933: I-306-350). This was the pro-tariffs line taken by the Republican Party and its steel industry supporters, who lobbied fiercely against radical revision of existing schedules. Carnegie, a Republican supporter but also intensely pragmatic and aware of public opinion, spent a good deal of time in Washington promoting the view that as the steel industry grew in strength modest revisions to tariffs might be desirable; an argument that prevailed following the bitter election of 1888 which saw Republican Benjamin Harrison elected President, and continued to hold sway even after Democrat Grover Cleveland was returned to office in 1892 (Nasaw, 2006: 375-377). Carnegie rode the political waves, setting the tone through his writings, speeches and newspaper comments, and cultivating personal relations with Washington powerbrokers like Blaine, who served as Secretary of State under Harrison, Benjamin Tracy, Navy Secretary, and Commander Folger, adviser to Tracy, who holidayed with Carnegie in Scotland. It is through this network that Carnegie won lucrative government contracts for the supply of nickel-steel battle armour (Nasaw, 2006: 3378-384). In this and in many other ways – buying land at favourable prices, avoiding competition, breaking strikes and negotiating takeover deals, for example – he benefited financially from his centrality as a capital-rich actor within the field of power.

As philanthropist, Carnegie sought to extend his world-making reach beyond business to encompass society-at-large. This was a natural development. From his earliest days at the Pennsylvania Railroad he had worked with men like Scott and Thomson who in business looked beyond the now, to the future, to imagine a nation changed in part through their own endeavours. From them Carnegie assimilated the same transformational cast of mind, which became more pronounced as success followed success. As his familiarity with the workings of the field of power increased, and as the capital at his disposal grew ever larger, he found other powerful actors willing to join forces with him to realize seemingly audacious goals.

The satisfactions were immense, and he never tired of the acclaim that came with world making; collecting awards and tributes across the United States, Britain and continental Europe (Wall, 1970: 870-898). Regular triumphs and immense resources made Carnegie bold to the point that he was willing to invest heavily in the cause of international peace and arbitration. In this, the great cause of his retirement years, he drew heavily on his social and symbolic capital in attempting to position the United States as champion of arbitration in resolving international disputes (Carnegie, 2006: 243-246; Nasaw, 2006: 649). He had unrivalled access to President Roosevelt and his Secretaries of State, John Hay and Elihu Root. On the other side of the Atlantic, after the Liberal Party came to government in 1905, he was on familiar terms with many Cabinet members, including Prime Minister Campbell-Bannerman (Carnegie, 2006: 315-319; Nasaw, 2006: 678-682). In the build-up to The Hague peace conference in 1907, he was engaged in shuttle diplomacy, trying to align the positions of the United States and British governments, and as President of the National Arbitration Conference he hosted a peace conference in New York with official representatives from each of the European Great Powers (Nasaw, 2006: 684-689). Little of real substance came of Carnegie's efforts, but the seeds of future developments were sown, and The Hague Peace Palace, which he funded, remains a memorial to his commitment.

Discussion and Conclusion

The main findings of this paper, established theoretically and confirmed empirically, are fourfold. First, entrepreneurial philanthropy is animated by the *world-making* ambitions of entrepreneurs; individuals who having achieved big things within business now seek to extend their reach into the realm of the social as means of personal aggrandizement. Entrepreneurial philanthropists rarely abandon business in favour of philanthropy, often engaging in both contemporaneously, at least until the final stage of their careers. In their everyday routines and practices, business and philanthropy merge naturally. Second, entrepreneurial philanthropy is not a one-way street. Entrepreneurial philanthropists invest in the future and their investments yield returns directly in cultural, social and symbolic capital, which indirectly might yield significant economic returns. Philanthropy serves as a mechanism both for capital conversion and capital accumulation. Third, entrepreneurs bring to philanthropy the mental models, strategies, tactics, routines and practices learned through creating and building a successful business. This explains the emphasis given to scale, efficiency, sustainability, focus, capabilities, governance and accountability. It also explains the awareness shown by entrepreneurial philanthropists of potential synergies and the interrelatedness of people, processes and activities. Fourth, the standing and influence within the *field of power* of entrepreneurs who become philanthropists is greatly enhanced. The cash invested in philanthropy boosts their stocks of cultural, social and symbolic capital, enabling them more easily to form and lead issue-based coalitions, and to engage confidently in the *dialectical*, *instrumental* and *legislative* processes that win elite and public support for big projects, business and philanthropic.

We make a singular contribution to the entrepreneurship literature in the capital theoretic model of entrepreneurial philanthropy presented in Figure 2. Building upon Bourdieu's typology of capital (Bourdieu, 1986b; Harvey & Maclean, 2008), this demonstrates the symbiotic relationship between entrepreneurship and philanthropy, and

highlights the role of philanthropy in the processes of capital conversion and accumulation. Our empirical study confirms the importance of each of the four main forms of capital identified by Bourdieu, and the complex interplay that exists between them when deployed within the field of power by dominant actors like Carnegie. The implications are significant. The focus in much of the entrepreneurship and related literatures on non-standard forms of capital has been on the definition, measurement and exploitation of social capital, reflecting the long-standing interest of social scientists in network theory, and effectively relegating cultural and symbolic capital to lesser roles within the theoretical domain. Our study, by contrast, affirms the greater realism inherent in Bourdieu's original approach, and suggests there is more to gain analytically by taking a unified rather than piecemeal approach to capital theory. Cultural and symbolic capital warrant serious study. In Carnegie's case, for example, we have seen how his intellectual currency was partly the product of his intimacy with intellectuals like Spencer, Morley and Arnold, and in turn how this was an important source of legitimacy and personal distinction. We do not propose that the four forms of capital identified by Bourdieu are practically indivisible, but we do suggest that accumulation and exploitation should be treated as interconnected processes involving all four types of capital. Our study further points to the importance of specific micro-practices to understanding the acquisition and development of capital accumulative *entrepreneurial capabilities*. Entrepreneurs like Carnegie, alive to opportunities, develop through habitus and experience a reflexive sense of how to react appropriately in the moment, joining things together in ways that others cannot see. They may make mistakes, but their tried-and-tested routines and familiar practices enable them to act with confidence to build momentum and acquire fresh cultural, social and symbolic capital. Critics of Carnegie have long held that it was not he but his partners, who worked harder and had greater technical knowledge, who made his fortune; while he spent much of his time at leisure in New York and Scotland (Nasaw, 2006: 643-645). What they have failed to see, of course, is that he understood the bigger picture, knew how to accumulate cultural, social and symbolic capital, and was at work even when seemingly at play.

Carnegie's pervasive influence within the field of entrepreneurial philanthropy stems more than anything from his authorship of the *Gospel of Wealth*. The harvesting of economic rents on a massive scale by entrepreneurs who retain ownership of industry-dominant firms, and the associated consequences for the distribution of income and wealth, have long inflamed public opinion, periodically provoking sections within ruling elites to break ranks and attempt corrective action, through taxation or legislation to curb monopoly power. In these circumstances, the right to possess great wealth becomes a contested issue, painful for wealth holders 'on trial' in the court of public opinion or, worse, actually ending up in the dock. As so-called 'Robber Barons', Carnegie was branded a hypocrite; Rockefeller saw Standard Oil broken up; and Andrew Mellon, after serving as United States Treasury Secretary, was put on trial for tax evasion (Cannadine, 2008: 505-541). More recently, the pursuit of anti-trust cases against Microsoft in the United States (1998-2002) and Europe (2003-2007) is a reminder of the power of governments, backed by public opinion, to sanction even the most dominant global corporations. Carnegie and Rockefeller in particular were stung by the Robber Baron critique and feared its consequences (Chernow, 1998: 487-501; Nasaw, 2006: 346-351). *The Gospel of Wealth*, which Carnegie composed and Rockefeller embraced, offered a dignified solution. By voluntarily 'giving back' to communities, entrepreneurs might demonstrate that inequality was a temporary phenomenon which, through wise spending, could deliver public benefit. In exchange for their munificence, entrepreneurs turned philanthropists would gain the right to engage in world making on a grand scale. Carnegie's tract, substantiated by his own example and that of

Rockefeller, was embraced by the ruling elite and, with media approval, helped persuade the masses in the United States and beyond to tolerate on-going inequalities. The fact that many of today's leading philanthropists – including Gates, Buffet and Feeney – attest to the impact of the *Gospel* on their own thinking and practices, regarding the book as 'practically holy scripture' (Bishop & Green, 2008: 13), confirms the continuing appeal of the *logic of entrepreneurial philanthropy* preached by Carnegie. This said, it is important not to exaggerate Carnegie's influence in his own lifetime or subsequently. Ultimately, the logic of entrepreneurial philanthropy derives not from ethics but from the consequences of capitalism and globalization. Gates and Buffet, like Rockefeller and Mellon, are intellectually gifted, capable, when confronted by their own situation and attendant external pressures, of independently concluding that 'the problem of our age is the proper administration of wealth, so that the ties of brotherhood may still bind together the rich and poor in harmonious relationship' (Carnegie, 2006b: 1). Likewise, it is natural, with or without reading Carnegie, that they should apply business methods within philanthropy, pursue capital accumulative strategies, lead issue-based coalitions, and seek public support for world-making projects (Clegg, Courpasson & Philips, 2006; Creed, Scully & Austin, 2002; Maclean, Harvey & Chia, 2010; Zald & Lounsbury, 2010).

The theoretical ideas presented in this paper cannot be tested fully through analysis of a single case, however rich or seminal. More extensive research on the quantitative dimensions of wealth and philanthropy is needed before we have the true measure of contemporary entrepreneurial philanthropy and its potentialities. The statistics published in rich lists and giving lists are of doubtful reliability, regularly exaggerating the extent of actual giving by confusing pledges with real transfers of wealth, and in any case offer only partial coverage. Until we have better data, we cannot know the real size or extent of the entrepreneurial philanthropy movement, and the suspicion must remain that the proportion of fortunes actually put to work philanthropically, both individually and collectively, falls far short of the Carnegie ideal. Are the likes of Gates, Buffet, Allen and Omidyar in effect providing a fig leaf behind which the majority of the super wealthy across the globe stands exposed? Answering this question will enable researchers to move beyond the idealistic, celebratory accounts of entrepreneurial philanthropy currently in circulation to explore more systematically the questions to which this paper has suggested provisional answers.

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Figure 1: Forms of Entrepreneurial Capital and the Accumulation Process

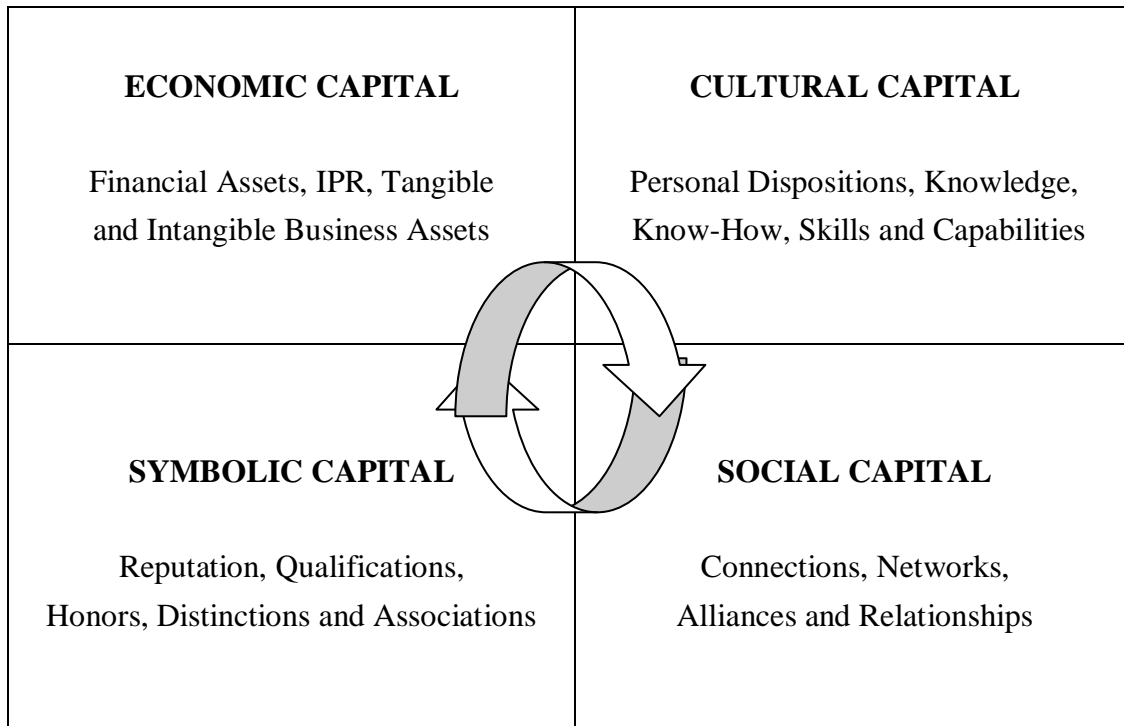


Figure 2: A Capital Theoretic Model of Entrepreneurial Philanthropy

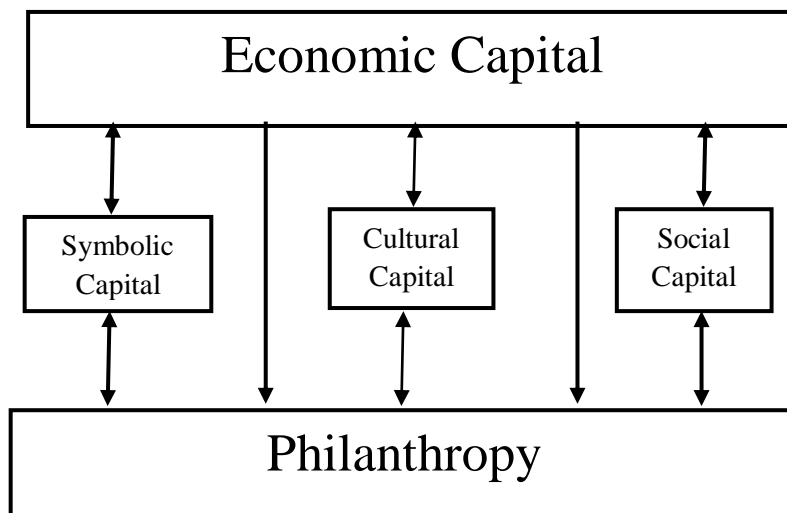


Table 1: Carnegie's Main Philanthropic Vehicles*

| Vehicle | Year Began | Philanthropic Purpose | Amount Invested (\$ Millions) |
|--|-------------------|---|--------------------------------------|
| Church Organ Program | 1873 | Funding for church organs (7,689) | 6.25 |
| Library Program | 1879 | Building public libraries (2,509) | 60.36 |
| Carnegie Museums of Pittsburgh | 1895 | Promote scientific and cultural understanding | 13.00 |
| Carnegie Mellon University | 1900 | Provision of applied technological education | 2.00 |
| Carnegie Relief Fund | 1901 | Pensions for former employees of Carnegie steel | 5.00 |
| Carnegie Trust for the Universities of Scotland | 1901 | Support for Scottish universities and students | 10.00 |
| Colleges and universities support program | 1900 | Support for buildings and development of smaller universities and colleges | 58.00 |
| Carnegie Institution of Washington | 1902 | Support for scientific research | 22.00 |
| Carnegie Dunfermline Trust | 1903 | Provision of public park and amenities | 3.75 |
| Hague Peace Palace | 1903 | Centre for resolving international disputes | 1.50 |
| Carnegie Hero Fund Commission | 1904 | Honour citizens who risk their lives to save others | 5.00 |
| Carnegie Foundation for the Advancement of Teaching | 1905 | Pensions for higher education teachers | 16.25 |
| Hero Funds outside the United States | 1908 | Honour citizens who risk their lives to save others in Belgium, Denmark, France, Germany, Italy, Netherlands, Norway, Sweden, Switzerland, UK | 5.00 |
| Carnegie Endowment for International Peace | 1910 | Advancement of understanding between nations to promote peace | 10.00 |
| Carnegie Corporation of New York | 1911 | Advancement and diffusion of knowledge and understanding and international peace | 120.00 |
| Carnegie United Kingdom Trust | 1913 | Support for educational and social welfare provision in UK | 10.00 |
| Carnegie Council on Ethics and International Affairs | 1914 | Promotion of international peace through application of ethical principles | 2.00 |

*Table compiled from information reported in Wall (1970), who estimates Carnegie's lifetime giving at \$350.7 million, and Nasaw (2006), and on websites of Carnegie trusts and foundations. The total spend of \$350.11 million reported here is consistent with that of Wall and what is known of Carnegie's income and net worth. Inflating by the United States consumer price index with 1911 as the base year equates to \$8.16 billion in 2009 prices: Officer, L.H. and Williamson, S.H. 'Purchasing Power of Money in the United States from 1774 to 2010', MeasuringWorth, 2009. URL <http://www.measuringworth.com/ppowerus/>

Table 2: Carnegie’s Investments in Cultural, Social and Symbolic Capital

| Form of Capital | Methods of Accumulation | Ways of Exploiting |
|------------------------|---|---|
| <u>Cultural</u> | <ul style="list-style-type: none"> • Reading and research • Grand tours • Involvement in intellectual, cultural and political circles • Philanthropy | <ul style="list-style-type: none"> • Seeing the bigger picture – opportunity recognition, strategy and tactics • Acceptance within the field of power • Winning important arguments • Legitimizing ruthless actions |
| <u>Social</u> | <ul style="list-style-type: none"> • Flattery and ingratiation • Entertaining and gift giving • Cultivation of friendships, associations and cliques within the field of power • Philanthropy | <ul style="list-style-type: none"> • Inclusion and favours • Reciprocity and mutuality • Alliance building, power broking and deal making • Extending social networks |
| <u>Symbolic</u> | <ul style="list-style-type: none"> • Image building through writing, public speaking and media relations • Myth making • Demonstrating power and authority • Philanthropy | <ul style="list-style-type: none"> • Holding sway over public and political opinions and sentiments • Attracting support, opportunities and approbation • Strengthening hand in negotiations • Demonstrating worthiness, distinction and virtue |