

**Philanthropy and the Socioeconomic Development of Pakistan**

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Verily, Allah does not change the state of a people until they bring a change in themselves (Al Quran.chapter13, verse11).

It is also charity to utter a good word (Hadith 23, Bukhari & Muslim)

With faith, discipline and selfless devotion to duty, there is nothing worthwhile that you cannot achieve.

Muhammad Ali Jinnah (Founder of Pakistan)

## ABSTRACT

This thesis evaluates the present role and future potential of philanthropy in the socioeconomic development of Pakistan. It is the first in-depth study on the topic and adds to the wider literature on socioeconomic development in developing countries beleaguered by poverty, inequality and seemingly relentless population growth. The principal objective is to better understand the role played by philanthropically funded third sector organizations in addressing developmental and inequality challenges in countries like Pakistan. In doing so, the study identifies the motivations of philanthropic actors in establishing charitable organizations, examines the governance and management practices of such organizations, and explores the socially innovative practices of five case study organizations and the magnitude of their contributions to social well-being.

The study is focused on answering a core research question - *what is role of philanthropy in the ongoing socioeconomic development of Pakistan?* – and takes an interpretivist approach, carefully considering both quantitative and qualitative evidence and guided by appropriate theory, notably Bourdieusian social theory. Quantitative data were gathered from international development agencies and survey results published by the Pakistan Centre for Philanthropy. Qualitative data were gathered from (a) a group of development experts and policy makers and (b) five case study organizations by means of semi-structured interviews, collection of documents and field observations. The quantitative data were used to create charts and tables and proved valuable in assessing the importance of different forms of philanthropic funding relative to government spending and overseas development assistance. The qualitative data were analyzed thematically through coding and application of the Gioia method of qualitative data reduction. My analysis is framed by four subsidiary research questions, one for each thematic chapter.

The study makes four main empirical contributions to the literature on philanthropy and socioeconomic development in Pakistan. First, I show that philanthropy has played and continues to play a *supporting role to government* and that in quantitative terms the supply of philanthropic funds has struggled to keep pace with demand. Second, I demonstrate that philanthropy is *inextricably linked to social activism* with funds raised from the many not the few to support front-line charitable organizations in addressing fundamental social needs. Third, I find that there is a variable approach to governance within the philanthropic sector and make the case for *more regulation as a precondition for increased philanthropic funding*. Fourth, I show that the main contribution of philanthropy to the socioeconomic development of Pakistan stems from *social innovations that help in satisfying unmet social needs* in healthcare, education and community development. At a more abstract, theoretical level, I identify and specify the role of indigenous social activists as pivotal actors in delivering the social innovations at the heart of the development process and move beyond viewing philanthropy as a monolithic construct to identify the agentic nexus between philanthropy and social activism as crucial in creating and embedding new organizational models and practices that deliver beneficial economic and social change.

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## Abbreviations used in the thesis

ADB	Asian Development Bank
ADMICAL	Association pour le Développement du Mécénat Industriel et Commercial
AKDN	Aga Khan Development Network
AKF	Agha Khan Foundation
AKRSP	Agha Khan Rural Support Programme
ASER	Annual Survey of Education Report
BAM	British Academy of Management
BISP	Benazir Income Support Programme
CAF	Charities Aid Foundation
CBO	Community Based Organization
CECP	Chief Executives for Corporate Purpose
CEO	Chief Executive Officer
CHCS	Customs Health Care Society
COVID	Corona Virus Disease
CSR	Corporate Social Responsibility
DAC	Development Assistance Committee
DEG	Deutsche Investitions- und Entwicklungsgesellschaft
DFID	Development for International Development
DG	Director General
EAD	Economic Affairs Division
ERNOP	European Research Network on Philanthropy
ESCO	European School of Oncology
EU	European Union
FBR	Federal Bureau of Revenue
GDP	Gross Domestic Product
GIIN	Global Impact Investing Network
GIZ	Deutsche Gesellschaft für Internationale Zusammenarbeit

GNI	Gross National Income
GoP	Government of Pakistan
HDI	Human development index
HDR	Human Development Report
HIV- AIDS	Human Immunodeficiency Virus Acquired Immune Deficiency Syndrome
HNWI	High Net worth Wealth Individual
HRCP	Human Rights Commission of Pakistan
HTH	Hayat Teaching Hospital
HUBCO	Hub Power Company Ltd
IDB	International Development Bank
IDB	Islamic Development Bank
IFC	International Financial Corporation
IMF	International Monetary Fund
IRC	Indus Resource Centre
IUCN	International Union for Conservation of Nature
JCAHO	Joint Commission on Accreditation of Healthcare Organizations
JCI	Joint Commission International
JICA	Japan International Cooperation Agency
LRBT	Layton Rehmatullah Beneficent Trust
LUMS	Lahore University of Management Sciences
MRI	Magnetic Resonance Imaging
NCCN	National Comprehensive Cancer Network
NDMA	National Disaster Management Authority
NGO	Non Governmental Organization
NIPS	National Institute of Population Studies
ODA	Overseas Developmental Assistance
ODI	Overseas Development Institute
OECD	Organization for Economic Co-operation and Development

OEEC	Organization for European Economic Cooperation
OEU	Operation Eyesight Universal
OPHI	Oxford Policy and Human Development Initiative
OPP	Overseas Private Philanthropy
PAVE	Partnerships and Vale Expansion
PBT	Profit Before Taxation
PCP	Pakistan Centre for Philanthropy
PEEF	Punjab Educational Endowment Fund
PhD	Doctor of Philosophy
PIDE	Pakistan Institute of Development Economics
PKR	Pakistani Rupee
PMN	Pakistan Micro Finance Network
PPP	Public Private Partnership
RAHA	Refugees Affected and Hosting Areas
SDGs	Sustainable Development Goals
SDPI	Sustainable Development Policy Institute
SEaDS	Strengthening Entrepreneurs and Dairy Stakeholders Network
SECP	Securities and Exchange Commission of Pakistan
SKMCH	Shaukat Khanum Memorial Cancer Hospital
SME	Small and Medium Enterprises
SMEDA	Small and Medium Enterprises Development Authority
SMS	Short Message Service
SPDC	Social Policy and Development Centre
SPIRiT	System Productivity Innovative Rice Training
TCF	The Citizens Foundation
TEVTA	Technical Education and Vocational Training Authority
TIKA	International Turkish Cooperation Agency
TTC	Technical Training Center

UHNWI	Ultra High Networth Individual
UN	United Nations
UNDP	United Nations Development Program
UNEP	United Nations Environment Program
UNESCO	United Nations Educational, Scientific and Cultural Organization
UNHCR	United Nations Health Children Rehabilitation
UNICEF	United Nations International Children Emergency Fund
USAID	United Nations Agency for International Development
USI	Universal Salt Iodization
VO	Village Organization
WASH	Water and Sanitization Hygiene
WDI	World Development Indicators
WDI	World Development Indicators
WELD	Women Empowerment Livestock Development program
WHO	World Health Organization
WINGS	Worldwide Initiatives for Grantmaker Support
WO	Women Organization
WWF	World Wide Fund

## **Chapter 1 - Introduction**

### **1.1 Introduction**

This opening chapter establishes the context and significance of my thesis. Following a brief introduction to the socioeconomic problems of Pakistan, I explain the increasing importance to the country in recent decades of philanthropy and charitable organizations. The scope, context and justification of the study are described, and my research motivation explained in terms of my desire to see Pakistan, a developing country burdened with multiple socioeconomic inequalities, overcome the many economic and social challenges with which it is confronted. I contend that mobilizing and putting to work significant resources to provide vital social welfare services makes philanthropy an important area of academic research. My research questions and approach, the objectives of the thesis, its structure and intended contribution are summarized in what follows.

### **1.2 Philanthropy and the socioeconomic challenges confronting Pakistan**

Standard socioeconomic indicators do not paint an impressive picture of Pakistan. It continues to be challenged by a narrow productive base, and its Gross Domestic Product (GDP) of US\$304.95 billion and per capita income of US\$1,652, place it in the lower-middle-income bracket by the World Bank<sup>1</sup>. At the end of 2019, Pakistan's population stood at 212.82 million, making it one of the most densely populated countries on earth. Its growing population puts relentless pressure on its fragile socioeconomic infrastructure and labour market. Its mounting public debt means that limited funds are available for socioeconomic development and expenditures on health and education. Just 2.3 per cent of the GDP is spent on education and 1.1 per cent on healthcare (Pakistan Economic Survey, 2019). The United Nations (UN) Human Development Index (HDI) 2019, ranks Pakistan 152<sup>nd</sup> of 189 countries surveyed (United Nations Development Programme (UNDP), 2019). It has the highest unemployment rate - 5.79 per cent - in South Asia (Pakistan Economic Survey, 2018). It is estimated that 24.3 per cent of people in Pakistan live below the national poverty line (Pakistan Economic Survey,

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<sup>1</sup> The World Bank brackets countries into four income groups. In 2019 countries with per capita of \$ 1025 or less are grouped as low income; those with per capita income between \$1,026 and \$3995 are lower middle income countries; upper middle-income countries are those with per capita income between \$3996 and \$12,375; while high-income economies are those with per capita income of \$12,376 or more.



2019) and that 38.8 per cent of these people are impoverished in multiple dimensions (education, health, income) suffering from lack of access to basic education and healthcare services and poor living conditions (UNDP, 2019). The poor are also the most vulnerable to economic shocks, they endure exclusion, limited access to resources, powerlessness, and lack of effective political representation (Asian Development Bank (ADB), 2002); (Haroon, 2017); (Arif & Farooq, 2014). These deficiencies create institutional voids (Khanna & Palepu, 1997)<sup>2</sup> and constrain the pace of socioeconomic progress (Sachs, 2005; Sen, 1999).

Adding to the serious socioeconomic difficulties of the country are the decades long manmade regional political conflicts, causing homelessness of millions of refugees and internally displaced families. Weak state governance capabilities to stop corruption, promote transparency and accountability, and enforce property rights. The power outages, natural catastrophes including the disastrous earthquake of 2005, climate change causing floods and droughts, and the recent challenges of pandemic and sudden lockdowns have all impacted on Pakistan's economic stability and development (Asian Development Bank (ADB), 2013); (Pakistan Economic Survey, 2012); (UNDP, 2020); (Government of Pakistan, 2020) and (Human Rights Commission of Pakistan, (HRC) 2010); Transparency International, (2020).

The question arises as to how the country has withstood these challenges and voids? A silver lining in bleak pictures like these is the role of constructive public action (Sen, 2020) indigenous philanthropy and charitable acts for development (Piccioto, 2011). In particular, the cognitive values and practices of philanthropy and compassion within families and communities, and the role played by elite philanthropists and charitable organizations in meeting the needs of millions in need fits well the environment of Pakistan. This indicates the depth of contemporary philanthropy and its importance as a key development partner in the socioeconomic betterment of the society. Given the limited financial capacity of state, *the argument made in this thesis is that philanthropy and charitable organizations, as a feasible and cost effective strategy, have already come to play, and increasingly will continue to play, a significant role in socioeconomic development of the country.*

### **1.3 Importance of philanthropy and charitable organizations**

Philanthropy and charitable organizations have long existed in both the developed and developing economies (Dacin, Dacin, & Tracey, 2011; Salamon, 2003). More recently, however, globalization and the information technology revolution have led to a massive

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<sup>2</sup> Market failure occurs when well-defined property rights are missing and potentially beneficial activities fail to happen

concentration of wealth in the hands of a relatively few private individuals, the world's billionaire capitalist class (Bishop & Green, 2008). Rising inequalities in income and wealth allegedly have set the stage for a new philanthropic revolution whereby people of vast means give back through social investment to others less fortunate, bringing about heightened awareness that socioeconomic change is possible through philanthropy and growth of charitable organizations (Schervish, 2005). In response to the new phenomenon, recent academic studies conducted in the developed world have positioned philanthropy and charitable organizations as a positive force for socioeconomic change (Acs & Phillips, 2002; Bishop & Green, 2008; Acs & Desai, 2007; Handy & Handy, 2006; Harvey, Maclean, Gordon, & Shaw, 2011; Shaw, Gordon, Harvey, & Maclean, 2013; Maclean, Harvey, & Chia, 2012; Harvey et al., 2019b; Schervish, 2003, 2005; Shaw & Carter, 2007). Wealthy individuals are seen to engage in philanthropy because they have the means and motivation to address socioeconomic inequality. They create new philanthropic organizations to convey their commitment to the cause of improving lives and life opportunities, thus creating a virtuous cycle of development (Harvey, Maclean, Gordon, & Shaw, 2011).

Philanthrocapitalism or entrepreneurial philanthropy, two widely used names for the same phenomenon, has also been driven by a range of other factors. The increase in demand and need for socially inclusive markets (Dacin, Dacin, & Tracey, 2011), ethically produced goods and services (Nicholls & Opal 2005), socially responsible businesses (Friedman & Miles 2001), and the policy goal of social equality are all important drivers of change. The inability of markets and resource constrained governments to address unmet social needs adequately (Austin et al., 2006; Zahra et al., 2009), as well as contextual and institutional factors (Shaw & Carter, 2007), have driven philanthropic elites to establish new charitable organizations to solve economic and social problems in both developed and developing countries (Dacin et al., 2011). These organizations are well recognized for social innovations and delivery of services at scale in pressing areas of social need (Nicholls, 2006; Peredo & McLean, 2006; Zahra et al., 2009; Austin et al., 2006; Brainard and La Fleur, 2008; Dees, 2008), and also for building social capabilities that promote social change (De Lorenzo & Shah, 2007; Maclean et al., 2012).

The rise in philanthropic activities and charitable organizations in the developed world has been paralleled in developing countries, where the idea has grown that socially innovative charitable organizations are a significant socioeconomic force for good (Salamon, 1999). In Pakistan, this led in 2000 to a two-day high-level national conference on the future role of philanthropy. This highlighted the importance and potential of both corporate philanthropy and independent charitable organizations in providing support to government efforts to promote

sustainable socioeconomic change (Aga Khan Development Network (AKDN), 2000). The conference was attended by the president, prime minister, local philanthropists, corporate executives, legal and financial experts, bureaucrats, international non-governmental organizations, local non-governmental organizations, and international practitioners. The conference was a landmark in elevating the status of philanthropy and charitable organizations as agents of social change. An important outcome was the establishment of the Pakistan Centre for Philanthropy (PCP). The Centre runs a certification scheme for charitable organizations to confirm their right to favorable tax treatment and other state conferred advantages. This is a vital piece of institutional infrastructure because it both legitimizes the role of philanthropy in socioeconomic development and guarantees to donors and other stakeholders that individual charitable organizations are not fraudulent but operating in the public interest.

Benefiting from the long tradition of philanthropic activities in Pakistan, the number, range and networks of charitable organizations have increased over the last four decades (Sajjad et al., 2019). They have increased the scale of operations and have been innovative in addressing social issues, mobilizing financial resources from diverse sources to provide social services and create employment (Global Philanthropy Data Charter, PCP, 2017). Broadly speaking, voluntary sector organizations secure about half their income from fees and charges for services. Philanthropy is the next largest source of funds with government and overseas development assistance bringing up the rear (Ghaus-Pasha et al., 2002). As such, these organizations have become prominent and an integral part of the development process. They engage with government, international development agencies and foreign donors to shape the lives of millions throughout the country in providing access to education, health, and micro finance programs. In addition, some provide support to marginalized communities, including charities supporting women, the homeless, ethnic minorities, transgender communities and refugees (Sajjad et al., 2019).

Besides their primary role, charitable organizations have also made a strong contribution during national emergencies such as relief efforts during the earthquake of 2005 and widespread floods of 2010 and 2011 (Sajjad, et al, 2019). At such times, the Pakistani government, with limited funds and expertise, has been unable without assistance to fund and coordinate large scale relief efforts (National Disaster Management Authority (NDMA), 2010). Charitable organizations came to the fore in working with the government and international organizations to bring effective relief to victims on the ground. Such partnerships are essential in re-establishing communities and rebuilding infrastructure (Bari, 2018). Likewise, the recent COVID 19 pandemic has shaken the world in threatening life and straining medical services.

For immediate response and support, local networks of philanthropically funded charitable organizations have been an invaluable resource in Pakistan, mobilizing their local networks to support healthcare systems and those most severely affected by lockdown. The ability of charitable organizations to generate resources, and their commitment, local embeddedness, networks and partnerships with development agencies make them a key partner of government in the cause of socioeconomic development. These organizations focus on gaps in social welfare provision and fundamental problems, often working collaboratively with others. Recent survey reports indicate the importance of both corporate philanthropy and independent charities to social well-being in Pakistan and the future potential of voluntary action in tackling persistent social inequalities (PCP, 2018).

#### **1.4 Justification for the Study**

This thesis is the first deeply researched study of the relationship between philanthropy and socioeconomic development in Pakistan, a country whose government views modern charitable organizations as a potentially important future source of social betterment. Most studies of the non-profit sector in Pakistan, including discussion papers, working papers and surveys, contain limited data and virtually no theory. They go little further than to describe the historical evolution of philanthropic institutions and to highlight various definitional, size and funding related aspects of the non-profit sector. The PCP corporate philanthropy surveys outline the CSR contributions of larger corporations and the PCP additionally conducts surveys of individual and household charitable giving. However, as welcome as these surveys are, they do not consider how philanthropy fits within the bigger picture of socioeconomic development in Pakistan. Academic research on the role of philanthropy in the socioeconomic development of the country is in effect virgin academic territory. Thus, this research provides the first robust and in-depth academic analysis focused on the motivations for philanthropic ventures in Pakistan, their governance and the magnitude of their respective socioeconomic impacts.

#### **1.5 Motivation for the Study**

Social progress is defined and measured in terms of improved literacy, health and living conditions, which support economic progress through increased productivity. Similarly, economic growth is expected to lead to increased spending on education and health, and to improved living standards. However, social progress in Pakistan has fallen short of policy goals, resulting in underperformance in education, health, and community development, which in turn have had a detrimental impact on the national economy. The failure of the market to provide adequately for basic needs and government's inability significantly to influence

socioeconomic indicators are major causes for concern. It is in the space created by imperfectly performing private and public sector institutions that opportunities exist for third sector organizations to play an impactful role in socioeconomic development.

My research motivation stems from my desire to see Pakistan overcome the many socioeconomic challenges with which it is confronted. I contend that mobilizing resources for social welfare services makes philanthropy an important area of academic research. Recent research also demonstrates that social entrepreneurs and entrepreneurial philanthropists pursue systemic innovations that when scaled up can have transformative economic and social impacts (Harvey et al., 2011). This study explores how corporate and independent foundations engage in innovative philanthropic activities and evaluates whether they have the potential to solve complex and persistent social problems, thereby contributing significantly to socioeconomic development in Pakistan.

### **1.6 Research question and approach**

Renewed interest in philanthropy in supporting government efforts to meet social needs has created a new discourse of socioeconomic development, redefining the nature and scope of the roles and responsibilities of government, business and civil society (Giloith, 2019). This study aims to contribute to this discourse by providing new knowledge and insights based on an in-depth study of philanthropy in action in Pakistan, addressing a knowledge gap in this field of academic enquiry. Despite a long tradition of philanthropy and the existence of numerous charitable organizations (Sajjad et al., 2019), “a deep-rooted and widespread philanthropic culture” (Global impact investing network [GIIN], 2015: 114), an environment welcoming to philanthropy and charitable organizations (GIIN, 2018), the role of philanthropy in the socioeconomic development of Pakistan is academically an unexplored area. How and why philanthropy and charitable organizations matter to socioeconomic development are questions that warrant in-depth research of the type presented in this thesis.

At the heart of the research is the master question: *what is the role of philanthropy in the ongoing socioeconomic development of Pakistan?* Philanthropy is here viewed as a construct relating to *voluntary action for public benefit*, as defined by Payton and Moody (2008). It is about both the flow of resources to front-line charitable organizations and how such voluntary organizations – variously labeled trusts and foundations – strategize, organize and deliver public benefit. In this respect, *the main proposition of the study is that philanthropy and charitable organizations have a central role to play in addressing developmental and inequality challenges*. It is argued that charitable organizations help in delivering the basic

conditions – life, health, education and opportunities – that enable people to thrive, thereby promoting socioeconomic development. My thesis, therefore, requires analysis of development processes and activities and the ways in which these are facilitated by philanthropy and charitable organizations. The focus is squarely on their contribution to socioeconomic development and how the capabilities and life chances of individuals and families are enhanced through voluntary sector innovations in education, healthcare and community development (Gilo, 2019).

The thesis presents, in the seven chapters that follow, an in-depth comparative analysis of five large charitable organizations committed to delivering public services and promoting the socioeconomic development of Pakistan. The country is faced with huge gaps in provision in the education and health sectors, which the five organizations contribute to filling within the limits of their resources and capabilities. The five cases were selected purposively from amongst the population of large charitable organizations in Pakistan committed to socioeconomic development. The selected charities are trusted for the delivery of high quality and cost-effective services in the social sector that affect the lives of many on daily basis. Their innovative organizational models have inspired others and have demonstrated that socioeconomic development is possible even in trying circumstances.

My intention from the beginning was to include diverse types of charitable organizations in the case study sample, representative of the voluntary sector, while recognizing that access to organizations is not something that can be demanded and that compromises in case selection inevitably must be made. In the event, I secured privileged access to three large independent charitable organizations, one corporate foundation and one philanthropic enterprise. These are classified by source of finance and legal status. The three independent foundations – the Shaukat Khanum Memorial Cancer Hospital (SKMCH), based in Lahore, the Al-Shifa Eye Hospital Trust, based in Rawalpindi, and the world's largest interest free microfinance organization, the Akhuwat Foundation, based in Lahore – are large charitable organizations funded by earned income, philanthropic donations and contributions from government and non-governmental organizations (NGOs). They are classic fundraising charities that subsidize the poor and cover overheads through donations. The single corporate foundation is the Engro Foundation, the philanthropic arm of the Engro Corporation, a multinational conglomerate based in Karachi with subsidiaries involved in production of fertilizers, foods, chemicals, energy and petrochemicals. Finally, there is the Fauji Foundation, a philanthropic enterprise based in Rawalpindi that operates multiple businesses in multiple

sectors to generate the cash needed to fund a raft of charitable activities in support of ex-servicemen and their families. A core strength of the thesis stems from having gained access to multiple interviews and field observations at five such prestigious charitable organizations in Pakistan.

### **1.7 Selection of Pakistani philanthropy organizations**

This research is salient for international audiences for four main reasons: Firstly, it locates the study in the context of the Pakistani philanthropic organizations, not international NGOs (INGOs), to map the terrain of selected front-line organizations, viewed by the development organizations and policymakers as a bridge between the less privileged and the ruling elite, filling voids in areas where government services have been inadequate. Secondly, I wanted to highlight the developmental potential of indigenous philanthropy, and of diverse type of philanthropic organizations in terms of their broader alleviative and transformative roles. This required the selection of well governed and professionally managed front line philanthropic organizations that operate through innovative models and focused on human and community development aligned with sustainable development goals (SDGs). Thirdly, to explore the sustained socioeconomic impact of philanthropic organizations and philanthropy, frontline charitable organizations were selected that have had both measurable and qualitative impacts on social progress. Some of their models, for example, have been replicated by the government of Pakistan. In comparison, an INGO like the AKRSP is engaged in projects based on self-help and empowerment at a narrower community level. Others, like the Bill and Melinda Gates Foundation, engage in specific projects of their own choice. Quite a few of the INGOs are engaged in advocacy, which is viewed as interference in the cultural values and political affairs of the country. This said, this thesis does examine the role of collaborations between international and local philanthropic organizations and international organizations like the World Bank, European Union, and others. Both sides have benefited greatly from such collaborations and partnerships. Fourthly, distrust between the INGOs and the state has created knock on problems. Recent government regulations for INGOs and local NGOs receiving foreign funds require them to register with the government authorities. They are allowed to operate in specific areas providing they declare the sources of their funds, their activities and use of funds. The new regulations, which are seen as restrictive, challenge the INGOs to create a positive image with the general public and the government with respect to their legitimacy and trustworthiness, disavowing under cover practices and corruption.

## **1.8 Objectives of the thesis**

The principal objective of my research is to enhance empirical understanding of the developmental role of philanthropy and front-line charitable organizations in addressing unmet social needs. In this respect, the study strives to contribute to the existing literature on the subject from the perspective of a developing country. First, it seeks to understand the roles and future potential of philanthropy and charitable organizations in the socioeconomic development of Pakistan alongside the roles played by other actors, including the federal government, international agencies and private companies. Secondly, it seeks to identify the motivations of philanthropic actors in establishing charitable organizations. Thirdly, it seeks to explain the logic and *modus operandi* of different philanthropic models and the strategies, governance and management practices of charitable organizations in Pakistan. Fourthly, the study seeks to understand and evaluate the socially innovative practices of each of the case organizations and the extent of their contribution to societal well-being. Finally, the study aims to provide a platform for future research on philanthropy and socioeconomic development in Pakistan and other developing countries.

## **1.9 Organization of thesis**

To answer my principal research question - *what is role of philanthropy in the ongoing socioeconomic development of Pakistan?* – I first review the existing literature on philanthropy and socio-economic development. I next explain my methodological choices, how I conducted my fieldwork and how I analyzed my data. Four empirical chapters follow, each organized around a subsidiary research question. The first empirical chapter examines the historical evolution and role of philanthropy in the socioeconomic development of Pakistan drawing on available statistical sources to address the question *how important is philanthropy as an instrument of socioeconomic development in Pakistan?* The second, based on case data, examines the motivations of philanthropists in establishing what have become large charitable organizations, asking *what drives members of the Pakistani elite to embrace philanthropy as a vehicle for social change?* The third empirical chapter examines the governance and management of the five case study organizations, answering the question *how and to whom are Pakistan's largest philanthropic organizations accountable?* The fourth empirical chapter, like the two before it, is based on case study evidence and addresses the question *how do large charitable organizations contribute to socioeconomic development in Pakistan?* The final chapter of the thesis, Chapter 8, draws things together and examines the practical, policy and theoretical implications of the research.



Chapter 2 positions the study in the context of current academic literature on philanthropy, charitable organizations and socioeconomic development. It begins by outlining theoretical perspectives on philanthropy from a predominantly Bourdieusian perspective (Bourdieu, 1986; Harvey et al., 2011). Bourdieusian theory provides a number of powerful theoretical constructs that place philanthropy within the broader context of economic, social and political relations, helping, as Maclean and Harvey claim (2019), to make the invisible visible. I then briefly explained a supplementing theoretical perspective, using the notion of hyper agency Schervish (2003) and relate it to the philanthropic activities of wealthy entrepreneurs and not so wealthy social entrepreneurs. This theme is then developed through an examination of the empirical literature on inequalities and philanthropy. I then examine how the nexus between philanthropy, charitable organizations and socioeconomic development, highlighting how little empirical research has been undertaken on this topic. The following section looks in more depth at the role played by philanthropic foundations in socioeconomic development. Finally, I review the literature specifically relating to problems of socioeconomic development in Pakistan, establishing a fitting context for what follows in the remainder of the thesis.

Chapter 3 outlines the philosophical and methodological foundations of the research and the social constructionist stance I adopt. I then explain my research design combining quantitative evaluation (Chapter 4) with in-depth qualitative comparative case-based research (Chapters 5, 6 and 7). In terms of the qualitative dimension, I explain how my data were gathered and analyzed mainly using tables and descriptive statistics. In terms of the qualitative dimension, I justify the choice of a qualitative, exploratory mode of enquiry based on a multi-case research design (Eisenhardt & Graebner, 2007; Yin, 2018). I then introduce my case organizations and explain how data were collected primarily using semi-structured interviews with case study employees and with experts and officials. I take a thematic, grounded approach to qualitative data analysis and interpretation following the principles of the Gioia method of inductive data analysis (Gioia et al., 2012). Finally, I discuss my implementation of ethical principles and procedures for quality assurance.

Chapter 4 addresses my first subsidiary research question, *how important is philanthropy as an instrument of socioeconomic development in Pakistan?* The chapter begins by examining the scale and trends in overseas development assistance (ODA) and overseas private philanthropy (OPP) in Pakistan. It is shown that despite all the hyperbole surrounding the role of billionaire philanthropy in saving the world (Callahan, 2017) OPP is dwarfed by ODA, although OPP has increased markedly in recent years driven by the desire of the Bill and

Melinda Gates Foundation to eliminate polio from the world. The chapter then turns to examine the current state of philanthropic landscape in Pakistan and highlights the size of philanthropic contributions with respect to the individuals and household, business enterprises, government, and international agencies. The chapter demonstrates that large parts of the annual revenues of large charitable organizations come from indigenous private philanthropy, while support from overseas foundations and international agencies forms a minor part of annual revenues (Ghaus-Pasha et al., 2002). It also illustrates the behavioral patterns in terms of philanthropic choices made to solve unmet needs and examines the extent to which these are aligned with national goals for socioeconomic development.

Chapter 5 explains why individuals engage in philanthropy and what factors motivate them to establish charitable organizations. The five themes identified include the importance of family backgrounds, personal experiences, religious faith, giving back, and socioeconomic structure and inequalities. These are the main factors causing philanthropists and social activities to engage in philanthropy and the creation of ambitious front-line charitable organizations.

Chapter 6 explores the governance and management practices of each of the five cases and analyzes mechanisms for addressing issues of accountability and legitimacy in addressing socioeconomic problems. It also demonstrates the importance of networks and partnerships in mobilizing the economic and cultural capital necessary to succeed and scale-up activities.

Chapter 7 explores the social innovation process of each of the five cases. It first presents a general overview of the theory of social innovation. Data analysis identifies key themes and examines each of the four innovation themes emerging from data analysis. The chapter evaluates the degree of success achieved by each of the case organization and a general conclusion of the current and future importance of philanthropy to the socioeconomic development of Pakistan.

Chapter 8 concludes by addressing the principal research question of the thesis, *what is role of philanthropy in the ongoing socioeconomic development of Pakistan?* In doing so, it summarizes the core arguments and main findings of the study, and proposes that the role of philanthropy in socioeconomic development in Pakistan is to deliver the financial resources needed by innovative charitable organizations striving to initiate and embed beneficial changes to economy and society, thereby satisfying previously unmet societal needs. Four original empirical contributions and two theoretical contributions to knowledge are claimed. Notwithstanding its limitations, I believe that my research has important implications for policy

and practice, and I offer five main recommendations to government and voluntary sector organizations in Pakistan.

## Chapter 2 - Theoretical Standpoint and Literature Review

### 2.1 Introduction

To answer my principal research question - *what is the role of philanthropy in the ongoing socioeconomic development of Pakistan?* I take the following approach: I first present the theoretical frame for my study, before then reviewing the literature pertaining to the global trends in philanthropic giving. I then move to examine the factors that influence philanthropy in greater depth. A great deal of the literature tends to focus on philanthropy in the context of advanced countries, often based on case studies, interviews, small survey reports, interspersed with a small number of often quantitative longitudinal studies and this review is broadly reflective of this trend. Next I explore the role played by philanthropic foundations in delivering social change, and highlight the barriers to socioeconomic development of Pakistan.

There has been a plethora of approaches taken to the study of philanthropy, these cover a diverse range of disciplines from economics, management, sociology, psychology to history, culture, public policy, religion and philosophy. Yet our understanding of its potential and impact is limited specifically with reference to developing economies. Pakistan is a developing country where socioeconomic inequalities tend to be much more acute than in western countries. In this context, the role of philanthropy is often viewed as supplementing inadequate public services because of the limited financial resources of the Pakistani state.

The chapter is structured as follows: Section one presents an introduction. Section two outlines the theoretical framework of the thesis and locates the data collected within it. It summarizes the concepts of capital theory, and supplements it with the notion of hyper-agency. The capital theory is then refined by extending it to alternative theories of entrepreneurial philanthropy, social innovation, social entrepreneurship. Agency theory is applied to the governance practices of the philanthropic organizations and to agency relationships in philanthropic organizations. This section also identifies the relevance of theories applied to my research whilst providing some critique of the theories. Section three examines global trends in wealth ownership, inequality and philanthropy. Section four critically reviews the literature on a set of questions related to the understanding of philanthropy. Section five examines the role of philanthropic foundations. Section six presents an overview of the barriers to socioeconomic development of Pakistan. Finally, section seven is a short summary of the chapter.

## **2.2 Theoretical standpoint**

This thesis adopts the theoretical frame developed by the French sociologist Pierre Bourdieu, (1979, 1986), and its extension to entrepreneurial philanthropy developed by Charles Harvey (2011). It is supplemented by the work of the American sociologist Paul Schervish (2003, 2005). As a natural extension and refinement of the theory of entrepreneurial philanthropy the notions of social innovation and social entrepreneurship are outlined as central to the development process as evaluated in chapter 7 of the thesis. In addition, the agency and hegemony theories (Jensen and Meckling 1976; Fama and Jensen 1983; Mace, 1971; Pettigrew, 1992; Pettigrew and McNulty, 1998) are briefly explained to examine the governance and management of philanthropic organizations.

### ***Field***

Bourdieu's (1986) concept of field is defined as social spaces where individuals meet and interact. Fields tend to be discipline specific; such as the fields of education, health, business, law, politics, and so on. Individual positions within fields are determined by ownership of capital, therefore individuals compete with one another to accumulate 'tangible and intangible capital' (Bourdieu 1986: 265) and define its value which varies between different fields (Swartz, 1997). For example, a higher degree is a form of cultural capital and is valued in the field of higher education, but is of less value in the field of primary education, conversely social capital, in the form of networks or reputation tends to be of value across a range of fields. The theory implies not all types of capital can be transferred to other fields. However, certain cultural capitals are valued in most situations, for example, manners, morals and ethics.

Similarly, every field has a set of rules, and strategies for accumulating capital (Sallaz & Zavisca, 2007: 24). All forms of capital operate across fields, but a specialized form of capital has value only in specific field, i.e. publications and a PhD qualification are cultural capital for academics in the field of higher education. Therefore, positions in fields are not fixed, individuals struggle and adopt different strategies to accumulate capital. Bourdieu suggests the dominant actors will adopt conservation strategies to maintain their dominance, those possessing lesser capital may exit the field and the new entrants may pursue succession strategies to attain dominance, while those who expect to gain little from dominance, tend to adopt a subversive strategy.

This study applies capital theory (Bourdieu, 1986) and hyper agency theory (Schervish, 2003, 2005) to the field of philanthropy and philanthropic foundations (Harvey & Maclean, 2008). The participants interviewed (for example, entrepreneurs, philanthropists, heads of

foundations and beneficiaries) in the research shared their stories/experiences in the philanthropic activities they are engaged in. In particular, the type of capital accumulated and its sources, their ideology and motivations, innovative practices, challenges, impact, and the supportive role of private foundations in their contribution towards socioeconomic development.

Development theories also suggest that both the state and private initiatives contribute to the process of development by playing their role in developing human capabilities (Sen, 1999). The state has the responsibility to develop institutions such as market structure, administrative arrangement, legal and political systems, education and healthcare institutions. While the private sector initiatives include the role of foundations, trusts, and donors in the socioeconomic development of a country.

### ***The field of power***

At the uppermost stratum of society, at the head of all other fields, is the field of power (Bourdieu, 1993; Bourdieu & Wacquant, 1998). This field is located at the pinnacle of the cultural and corporate worlds (Bourdieu, 1989). Bourdieu defines the field of power as,

‘.. a field of forces structurally determined by .....different forms of capital.... a gaming space in which those agents and institutions possessing enough specific capital (economic or cultural capital in particular)...occupy the dominant positions within their respective fields, confront each other using strategies aimed at preserving or transforming these relations of power’(Bourdieu, 1986: 264 as cited in Price, 2016).

For Bourdieu, this struggle is at the core of social interactions which tend to focus on attaining power (Swartz, 1997) and the field of power is a space in which the dominant struggle for ‘diversifying their portfolio of capitals in occupying dominant positions in other social fields’ (Cohen, 2011: 335). It is a ‘space of play within which the holders of capital (of different species) struggle *in particular* for power over the state’ (Bourdieu, 1994: 5). Access to the field of power is gained through the accumulation of various forms of capital in which ‘dominant agents’ (Maclean *et al.*, 2010; Maclean *et al.*, 2015) or ‘power elite’ (Mills, 1953; Useem, 1984) ‘freely mingle, recognise by one another as social and political equals’ (Maclean *et al.*, 2006: 33). In this ‘macro-level arena of struggle’ (Swartz, 2008: 50 cited in Maclean *et al.*, 2017: 5) alliances are formed ‘turning competition and contestation into collusion’ (Maclean *et al.*, 2014: 829). ‘It is through coalitions, alliances and networks forged within the field of power that entrepreneurs seek to influence societal decision-making processes, resource flows, institutional changes, and public opinion’ (Maclean *et al.*, 2012: 28). Though struggle is the

main feature of all fields, it is intense in the field of power as all social actors aim to occupy the most dominant positions in the field.

In this study, the field of power is constituted by influential entrepreneurs, philanthropists and the most dominant social actors in other fields, who interact to support the cause of philanthropy. The philanthropic endeavors of wealthy individuals tends to increase their own social and symbolic capital whilst simultaneously reinforcing their ‘multi-positional’ status in the ‘field of power’ (Maclean et al., 2010: 342), as symbols of common acceptability (Harvey et al., 2011).

### ***Capital***

Capital Theory explains how dominant groups monopolize and accumulate resources to maintain their dominance over others. Bourdieu describes capital as ‘accumulated labor’ (Bourdieu, 1986: 241) which may take a material or an embodied (symbolic) form. It is accumulated overtime and is used to compete and generate profits to further accumulate capital in the social field. Central to capital theory is the ownership of four types of capital which reproduces social structures (Bourdieu, 1986). He defines ‘*economic capital*’ as that which is immediately and directly convertible into money and may be institutionalized in the form of property rights. *Cultural capital* is convertible on certain conditions into economic capital and may be institutionalized in the form of educational qualifications. *Social capital* tend to be made up of social obligations (“connections”), which are convertible or transmutable (Bourdieu 1986), under certain conditions, into economic capital and may be institutionalized in the form of a title of nobility’ (Bourdieu, 1986: 243) and *symbolic capital*, ‘distinction’ (Bourdieu, 1985: 731), as a fourth form of capital that is formed when acknowledged as important by others.

Of these four forms, economic capital is considered as the first and dominant form of capital across fields because it can be drawn upon to accumulate additional economic capital and as it tends to be far more readily transmutable to other forms of capital in a wide variety of fields. Economic capital includes tangible and intangible financial assets owned or ‘accumulated labor’ (Bourdieu, 1986: 241) that is institutionalized by securing property rights to earn profits and more capital. As ‘economic capital is at the root of accumulation of all other types of capital’ (Bourdieu, 1986: 252), it is the ownership of, and command over resources that allows access to the field of power and hyper-agency (Bourdieu, 1986; Clegg, et al., 2006; Maclean et al., 2006).

Economic capital is considered as a necessary condition for participation in philanthropic activities (Harvey et al., 2011). It allows philanthropists to engage in solving complex issues and facilitates socioeconomic change by focusing on issues of multi-dimensional poverty in developing countries. However, it can be of greater value when combined with other forms of capital. This idea is further explored in the subsequent chapters.

High level of cultural capital often facilitates accession to the field of power and is deemed essential for developing social relations and convergence of the powerful. It is termed as: ‘embodied, objectified and institutionalized capital’ (Bourdieu, 1986: 243). The *embodied* form of cultural capital is linked to *habitus* (the internal thoughts revealed through perceptions, skills, behaviors and actions developed through family background and the socialization process) which he describes as a ‘style of expression’ (Bourdieu, 1988: 56) like the way of speaking or walking. Embodied cultural capital is also ‘linked to the body’ (Bourdieu, 1986:234) and is expressed in many ways such as physical appearance and style, or ‘the acquisition of a muscular physique or a suntan, it cannot be done at second hand’ (Bourdieu, 1986: 243). It could also be seen as self-improvement in terms of, knowledge, expertise, experience and skills. Cultural capital can be acquired as a result of experiences in early childhood (Swartz, 1997) and also through a socialization process during the lifetime of an individual. Its accumulation involves personal cost, and investment of time by the individual recipients. It gives access to *objectified* capital that is valued for ownership of cultural items such as, books, paintings, machines and so on held as economic capital (Bourdieu, 1986). The *institutionalized* form of cultural capital includes educational qualifications, certificates, and awards; the material and symbolic benefits of which are availed by those who possess it and also depends on its scarcity (Bourdieu, 1986).

In this study, the accumulation of cultural capital and its relationship with economic capital are vital in facilitating the practice of philanthropy by wealthy individuals (Harvey and Maclean, 2008; Harvey et al., 2011). The objectified and institutionalized form of cultural capital holds importance, because know-how is important for the creation of innovative solutions to serious socioeconomic problems (Maclean et al., 2006). It gives entrepreneurs and philanthropists access to specialist knowledge which in combination with the networks and their own knowledge, tends to facilitate innovative solutions to socioeconomic problems (Harvey et al., 2011). For example, the use of specialized machines and suitably qualified doctors are vital in ensuring quality of health services which are provided by philanthropic foundations in Pakistan. Similarly, the quality of education offered by educational institutions depends largely on objectified and institutionalized cultural capital. In practice cultural capital



and its ownership is considered as valuable because it cannot be accessed by everyone. Those who possess large amounts of economic capital also tend to have the capacity to generate greater levels of cultural capital and are therefore in a stronger position to be able to maintain their dominant position within a field (Bourdieu, 1997).

The third form of capital is social capital. It is defined as ‘the aggregate of the actual or potential resources which are linked to...membership in a group – which provides each of its members with the backing of the collectively-owned capital, a ‘credential’ which entitles them to credit’ (Bourdieu, 1986: 249). It consists of networks of relationships which may originate from ones family, but equally may be manifested by professional and social networks they have as members of elite groups (Bourdieu & Wacquant, 1992). Building a network of relationships is viewed as a long term investment to obtain financial benefits over time. Accumulating social capital through such memberships means backing from other group members and also developing one’s trust in their network of relations.

The value of social capital in my research of wealthy entrepreneurs depends on the quality and number of connections and networks, and the mutual benefits it adds to their existing economic, cultural or symbolic capital (Bourdieu, 1986). It is through such social relations that the powerful develop social capital to build prestige and trust. For Bourdieu, social capital is “profits” they earn by keeping such relations; and the symbolic form of social capital derived from keeping links with “a rare, prestigious group” (Bourdieu, 1986: 249).

This thesis assumes social entrepreneurs accumulate social capital by developing networks and partnerships which are of vital importance in practicing and promoting philanthropic opportunities. These connections tend to enhance their capacity to solve complex socioeconomic issues. These partnerships are further enhanced by developing relations with political leaders and the ruling elite. In fact, politicians and governments also welcome and recognize public-private partnership as one way to bring innovative solutions to service delivery (Bishop & Green, 2015).

The fourth form of capital is symbolic capital which the social actors accumulate to legitimize their positions in the social world (Bourdieu, 1985). Symbolic capital includes titles and awards, through which the social actors are recognized more respectfully and positively. As the social capital accumulation increases, the larger and more influential are the networks, which tends to lead to increased symbolic capital. The more symbolic capital they accumulate the more reputation and credibility they have and therefore the more symbolic power they are able to exercise (Emirbayer & Johnson, 2008).

The wealthy may use philanthropy as a source of symbolic capital to differentiate themselves amongst their peers (Ostrower, 1995) and legitimize wealth accumulation (Maclean et al., 2006; Harvey & Maclean, 2008). The wealthy, when they participate in philanthropy, are building their reputation and trust. Accumulation of symbolic capital also builds trust in the philanthropic activities they are engaged in and enables them to raise funds, which largely depend on donors' trust (PCP, 2014). Symbolic capital also enables them to increase their access to influential individuals.

The importance of Bourdieu's concept of capital for my research is in understanding why, where, how and to what effect do the influential and powerful use their accumulated capital and engage in socioeconomic change through philanthropic foundations. That is, what impact do they have on reducing inequalities which are so deeply rooted in developing countries?.

### ***Habitus***

Bourdieu's concept of habitus is described as a process of '*convertibility*' and '*transmissibility*' (Bourdieu, 1986: 252) that both pass on economic and cultural capital to subsequent generations, but also through an individual's own experiences during the socialization processes. *Habitus* is more readily developed through one's family, than acquired through socialization formed through educational institutions (Bourdieu, 1986). This process starts from early childhood and influences actions of individuals in social interactions. The transmitted cultural capital and socialization experiences influence the body, mental perceptions and actions of individuals. In this process the past experiences influence their present and future outlook of social world, beliefs, values and attitudes that can be observed in their habits, tastes, dresses (Bourdieu, 1984). This process re-produces social structures and can be seen as the 'individual trace of an entire collective history' (Bourdieu 1990, cited in Reay, 2004: 433). Or it is viewed as a 'primary mechanism for social reproduction' (Harvey & Maclean, 2008: 110).

The study assumes habitus provides a trusted network and is viewed as important in examining how philanthropists' decision to participate in philanthropy is facilitated by habitus (Lloyd, 2004). However, it is difficult to directly assess or observe habitus. What can be examined is how habitus influence philanthropists' thinking, the decision to act and engage in philanthropy and its outcome. It is for this reason that examining habitus in this research is challenging, yet there will no doubt be some insight into the process of habitus formation in the interviews conducted in this research project.

### ***Critique of Bourdieu's capital theory***

The social world is complex and so are the explanations of phenomena within it. Capital theory, when applied to philanthropy, helps in understanding the role dominant hyper-agents often play in the phenomena of contemporary philanthropy and social renewal.

Bourdieu's academic theories seem quite complex, yet empirically they have been proven to be valid (Swartz, 1997). Recognizing the fact that since Bourdieu's empirical contributions were based on case studies of France and Algeria, his theories may appear to be confined to those particular cultures, making it difficult to establish their relevance in other situations or contexts (Swartz, 1997). His theories have been applied to the American social context by Sallaz & Zavisca (2007), but the empirical application to a developing country is rare. This thesis attempts to fill this void by applying Bourdieu's capital theory to the sociological context of Pakistan.

Further, the static nature of structural inequalities explained in Bourdieu's concepts of capital, habitus and field have been criticized for limiting the scope of individuals to overcome such inequalities and create socioeconomic change (Swartz, 1997). As Bourdieu 'argues that the deep-rooted and socially constructed dispositions of classes induce actors to make choices and decisions which reinforce in turn pre-existing social structures and status distinctions' (Harvey & Maclean, 2008: 116). Others suggest 'Bourdieu seems more pessimistic regarding the static nature of structural inequalities and the limited power of individuals to eliminate their unjust effects' (Hart, 2018: 594). Habitus in particular has been critiqued for suggesting limits or boundaries to acts and ideas of social actors (Swartz, 1997). Since accumulation of capital reproduces status quo it maintains social structures and inequalities. However, Bourdieu argues that his theory takes account of change as 'mental structures and social structures rarely correspond perfectly' (Sallaz & Zavisca, 2007: 25). Instead this thesis argues that the wealthy in Pakistan tend to reproduce a culture of entrepreneurship and philanthropy which they believe will yield sustainable and empowering social change. Paradoxically, wealthy philanthropists recognize the injustices of structural inequalities in their societies and seek to remedy this situation by giving part of their accumulated wealth for social renewal (Harvey et al., 2011, & 2019b) , but their theory of change (Rogers 2014) is often founded on the very neoliberal, market based system which led to these inequalities in the first instance (Harvey, 2005 and 2010; Wade, 2018; Ha-Joon, 2008; *Stiglitz, 2019*; Atkinson, 2015; Atkinson et al., 2012; Stiglitz, 2015; Piketty, 2014).

### **2.3 Complementary theoretical ideas and their analytical value**

This study combines Bourdieu's capital theory with the Schervish's hyper agency theory (2003, 2005), the entrepreneurial philanthropy theory (Harvey et al., 2011), and the notions of social entrepreneurship and social innovation. In this way, it analyzes why and how philanthropic contributions are made, and the extent to which the philanthropic endeavors of hyper-agents can be judged to be successful in creating socioeconomic impact by addressing the root causes of inequality and deprivation. Bourdieu's principal emphasis is on explaining why social structures are reproduced and inequalities persist in the social world (Swartz, 1997). This thesis, in contrast, seeks to explore how the philanthropic endeavors of the individuals that we classify as hyper-agents, may initiate social change rather than sustaining the reproduction of social structures. This thesis asserts that individuals either through their command over capital resources (Maclean et al., 2006) or by holding a dominant position in the field of power can shape the socioeconomic structures around them. As hyper-agents, they focus on how multi-dimensional poverty and extreme inequality, prevalent in Pakistani society, can be reduced. They are also aware of the challenges of sustainability and of extending beneficial impacts to larger numbers of people. However, in this study, the observation is made that developmental philanthropy is not just about wealthy entrepreneurs it is also about innovative social entrepreneurs through removal of barriers to socioeconomic development. Despite having limited economic capital at their disposal, they have are skilled at forming social networks, collaborating with governmental and partner organizations, and at mobilizing voluntary contributions to establish new organizations or change the existing organizations in pursuit of socioeconomic development.

As explained more fully later in this chapter, the institutional work theory asserts that not only institutions influence behavior, rather entrepreneurs with their resources, skills and support of professionals influence institutional contexts and create new institutions (Lawrence & Suddaby, 2011, Lawrence et al., 2013). The theory relates the work of powerful organized actors to the creation of new institutions or disruption of the existing ones. It resonates with Bourdieu's notion of capital distributions and alliances formed within the field of power (Bourdieu & Wacquant 1992; Bourdieu 1993). However, differences in the distribution of capital founded in institutional structures create conflict in fields, and actors compete to attain a social position and status in a field to gain access to resources (Bourdieu, 1988, 1993). After all, it is the identities of actors that explain their position in the field in which they operate (Bourdieu & Wacquant 1992). Therefore, this thesis integrated Bourdieu's capital theory with the hyper agency perspective in explaining how new third sector organizations are created and

scaled up. In addition, I draw on agency theory (Jensen & Meckling 1976; Fama & Jensen 1983) and managerial hegemony theory (Mace, 1971; Pettigrew, 1992 Pettigrew, 1998) when analyzing the governance and management practices of the philanthropic foundations under study here. The following sub sections elucidate each of the main theoretical perspectives drawn on throughout the remainder of the thesis.

### ***Hyper agency theory (Schervish, 2003, 2005)***

This theory is relevant to the study and complements Bourdieu's capital theory. The capital theory perspective underpins the phenomenon of philanthropic hyper-agency first identified by Schervish (2003) and offers insights about the role of hyper agents in changing the world around them.

Just as accumulation of capital is Bourdieu's core concept, the notion of hyper-agency entails the use of power by what Schervish has characterized as 'hyper-agents' (Schervish, 2003, 2005). Access to different forms of capital (Harvey & Maclean, 2008) enables philanthropists to become hyper-agents and seek to transform the world around them (Schervish, 2003) by creating new organizations or replicating what others have done before them in different countries or contexts. As hyper-agents, they gain access to influential individuals active in what Maclean et al. (2010, 2014), elaborating on Bourdieu (Swartz, 1997), describe as the *field of power*, the social space in which power brokers from different walks of life mingle and form coalitions to determine socio-economic strategies, laws, regulations and policies.

These are wealthy individuals who have greater command over material resources and have the psychological capacity to create impactful social change and 'are clearly able to shape alternative futures not just for themselves but for others as well' (Schervish, 2003: 9). They like the wealthy entrepreneurs identify a creative idea and neglected social needs in areas where demand is greater than supply, and where needs are more than the resources needed to address the identified gap. The 'material resources and cognitive dispositions' which they possess offer them a unique capacity, empowerment, and confidence to solve the identified social problems and transform the situations as they desire (Schervish, 2003:9). Their greater command over resources and psychological empowerment gives them the legitimacy and confidence to single-handedly transform the entire world around them and achieve their goals. Their spatial empowerment allows them to spread their influence spatially beyond their own circumstances. The desire for world-building does not stop at the doors to their homes' (Schervish, 2003:12), rather they extend their activities to the field of philanthropy through their philanthropic

organizations and donate financial resources for major philanthropic activities as *producers not just* supporters of philanthropy (Schervish, 2003: 21). Finally, their temporal empowerment offers them the ability to ‘reshape the past, forge the present, and bind the future’ (Schervish, 23: 10). In the material world all individuals engaged in business and entrepreneurship are potential hyper-agents and can make a difference to the world around them (Schervish, 2003: 9).

Hyper-agency is described as the enhanced capacity of wealthy individuals to influence the living conditions of many. As monarchs of agency, they remove the obstacles to social progress and build a world of their own choice. They "make history" for themselves and also for the less empowered individuals around them. It is based on the supposition that the wealthy, as a result of their ‘command over resources’ Maclean et al. (2010: 328), vision and experiences, can individually or jointly design the world as they desire and ‘make history’ (Schervish, 2003:22). The notion of *hyper-agency involves psychological and material capacity of hyper agents to support social causes, yet* not every hyper agent has to possess wealth like the creative individuals. Hyper-agency is not restricted to those who are wealthy (Schervish, 2008: 165); there are actors who without accumulated wealth—in the context of Pakistan, have managed to relatively single-handedly produce new philanthropic organizations or give new directions in existing ones and innovatively created profound societal change. It is their creativity and personal *psychological capacity, and not* material capacity that enabled them to engage in solving the most pressing needs of the society rather than making world making changes.

In sum, the notion of hyper-agency by the wealthy and creative individuals can be readily applied to the field of philanthropy. In the context of a developing country hyper-agency involves either the use of power through their philanthropic foundations to institutionalize philanthropy. Or they use their power to form partnerships, mobilize voluntary contributions and influence policy to remove the obstacles to socioeconomic progress. They may not be viewed as world builders but they certainly make a difference to the lives of millions in need and promote socioeconomic progress.

### ***Institutional work***

The notion of institutional work explains not only institutions, influence behavior, individual or collective acts of actors also influence institutions (Scott, 2001; Suddaby & Greenwood, 2005). It refers to ‘the purposive action of individuals and organizations aimed at creating,

maintaining and disrupting institutions' (Lawrence & Suddaby, 2006, p. 215)<sup>3</sup>. These individuals are entrepreneurs with sufficient resources, skills alongside the support of professionals, who reflect and engage in institutional work to change their work and living conditions. They reconfigure institutions and organizational fields using 'expertise and legitimacy to challenge the incumbent order'; using 'their inherent social capital and skill to populate the field with new actors and new identities'; introduction of new rules and standards'; and managing 'the use and reproduction of social capital within a field' Suddaby & Viale (2011, p. 423). Others suggest organizational leaders and elite actors Rojas (2010, p. 1264) and the interactions among individuals or the power of collective shape organizations Dorado (2013). While, in Bourdieu's (1977; 1993) perspective actors are reflexive, goal-oriented and capable; and that culturally competent actors with strong practical skills and creativity create maintain and disrupt the institutions of organizational fields. Certain actors in the field ignored by the existing institutional arrangements, or by the distribution of capital may work to disrupt the existing set of institutions (DiMaggio & Powell, 1991; Bourdieu & Wacquant, 1992; Bourdieu, 1993). However, little is known about the practices through which actors engage in disrupting institutions, except deinstitutionalization notion of (Oliver, 1992). Often the state and the professionals work together to maintain or create new institutions, but they may or may not work together in disrupting institutions.

### ***Capital theoretic model of entrepreneurial philanthropy***

Given the above conceptual explanations, this alternative approach extends Bourdieu's capital theory and develops a model that links entrepreneurship to philanthropy and development. The term entrepreneurial philanthropy is defined as 'the pursuit by entrepreneurs on a not-for-profit basis of big social objectives through active investment of their economic, cultural, social and symbolic resources' (Harvey et al., 2011: 428). The emphasis here is that entrepreneurial philanthropists are individuals who invest their economic, cultural, social and symbolic resources in projects of social improvement and welfare<sup>4</sup>. They possess accumulated personal

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<sup>3</sup> Institutions are humanly devised formal and informal rules 'cultured-cognitive, normative and regulative that structure political, economic and social life which influences the behavior and beliefs of an individual, collective actors and organizations (DiMaggio & Powell, 1991; Scott, 2001; North, 1990) while divergence from these institutions entails some cost (DiMaggio & Powell, 1983). Formal rules are (constitutions, laws and property rights) and the informal rules include (taboos, customs, traditions and codes of conduct).

<sup>4</sup> The four forms of capital are described more explicitly as: 'Economic capital consists of financial assets, non-financial assets like patents, tangible assets in the form of facilities, plants, and equipment and the systems and processes and organizational routines that facilitate production distribution and control. Cultural capital is the personal dispositions, knowledge, know how, skills and capabilities of the entrepreneur, business associates and key employees. Social capital exist in the form of connections, networks, relations and alliances that deliver market intelligence and provide access to critical resources. Finally symbolic capital, the signifiers and generate trust in

wealth and actively spend part of it on philanthropic activities to make life better for others and to reduce complex socioeconomic problems that originate from structural inequalities and legitimize the wealth accumulated (Maclean et al., 2006; Harvey & Maclean, 2008; Lloyd, 2004; Harvey et al., 2011; Schervish, 2003, 2005; Matthias et al., 2017). They redistribute their wealth and engage in large scale change, driven by the ambitious global agenda for sustainable social change (Bishop & Green, 2008; Schervish et al., 2005, 2016; Ostrower, 1995). They also actively invest their 'know-how, time, social connections, reputation and prestige in projects that promise high social rates of return' (Harvey et al., 2011:425). In return philanthropic activities enhance their cultural, social and symbolic capital as 'multi-positional agents within the *field of power*' (Harvey et al., 2011:426) which enables them to get close to other influential individuals from different fields of business, politics, government, and others (Maclean, Harvey & Chia, 2010; Harvey & Maclean, 2008; Maclean, Harvey & Press, 2006). They then form networks and alliances to affect 'social decision making, resource flows, institutional changes, and public opinion' (Zald & Lounsbury, 2010 as cited in Harvey et al., 2011). Being prominent members of society, 'legitimized and accepted in part through their status as philanthropists' (Harvey et al., 2011: 426) they have the capacity to deliver results in the fields of business and philanthropy.

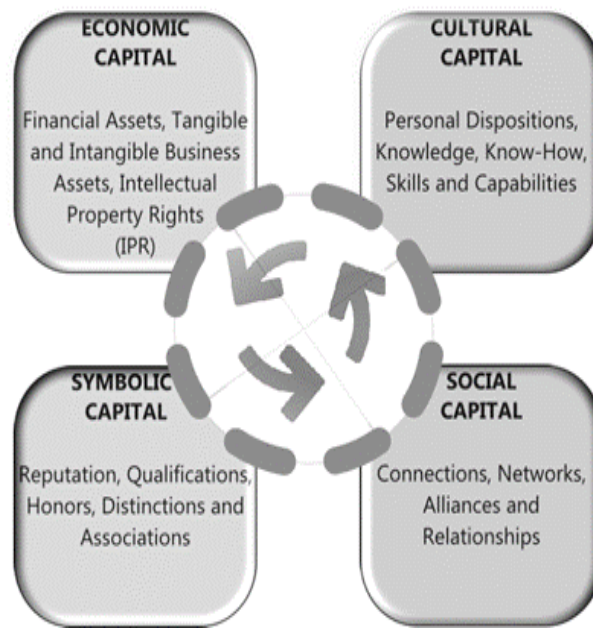
A necessary condition for an entrepreneur to engage in philanthropy is to have accumulated wealth in their life time. This process is illustrated with the help of Figure 2.1 wherein an entrepreneur owns four types of capital: economic, cultural, social and symbolic (Harvey et al., 2011), and the two arrows in Figure 1 explain *transmutability*: i.e conversion of one form of capital into others (Bourdieu, 1986). For example the profit generated in business is reinvested which in turn creates a self-reinforcing *momentum* of business growth and further the accumulation of the four forms of capital (Lawton, Finkelstein & Harvey, 2007), which enables them to exercise their influence and power to affect societal welfare (Harvey & Maclean, 2008).

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partners, financier, regulators, customers, suppliers and employees, works silently but powerfully to energize the business and create belief within the markets' (Harvey et al., 2011: 429-430 as mentioned in Harvey & Maclean, 2008; Maclean, Harvey & Press, 2006)



**Figure 2.1: A Theoretical Model of Entrepreneurial Philanthropy.**



**Source:** Harvey et al., 2011

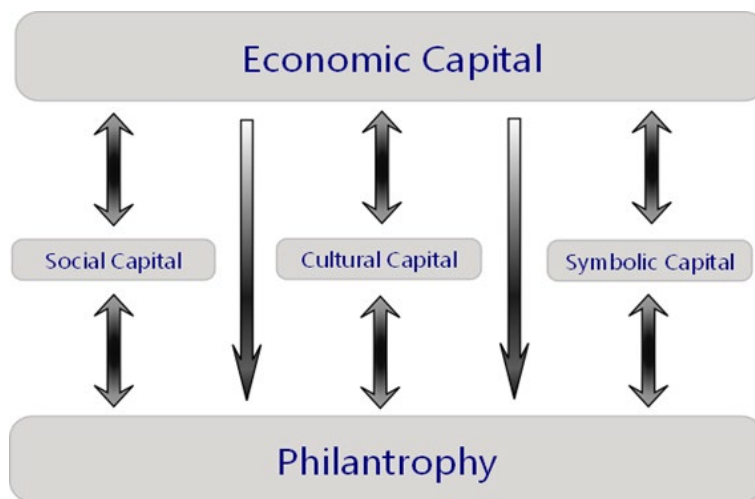
Figure 2.2 illustrates the link between entrepreneurship and philanthropy i.e. that entrepreneurs invest economic capital in philanthropic activities through their charitable foundation, alongside their cultural, social and symbolic capital and this tends to increase the scale of their philanthropic activities. The economic capital invested in philanthropy brings no direct gains to them, except for deep internal satisfaction while intangible enrich the lives of the philanthropists and encourage them to be more generous as their own philanthropic journeys develop (Maclean et al., 2015). However, indirect returns in the form of cultural, social and symbolic capital enable them to increase economic returns. Therefore, philanthropy acts as a vehicle for conversion of economic capital, through investment in philanthropy, to gain cultural, social and symbolic capital which enables them to interact effectively in the field of power. In particular, the symbolic capital of state level awards, honorary degrees which elevates their position amongst the elite actors of society in different fields (Maclean et al., 2010; Shaw et al., 2013). In this sense entrepreneurial philanthropy may be viewed as ‘two sides of the same coin’ (David & Joshua, 2014: 24) or a two way process (Harvey et al., 2011).

The role and impact of wealthy entrepreneurs of the past, Andrew Carnegie, John D. Rockefeller and Ford Foundation, lends support to the view how the wealthy contributed towards socioeconomic development of US with lasting impact. They have helped to improve the lives of many disadvantaged people (Harvey et al., 2011; Newland et al., 2010) and have also inspired the modern entrepreneurs about the importance and value of solving socioeconomic inequalities (Ace & Phillips, 2002).

This notion also aligns philanthropy with hyper-agency (Schervish et al., 2005) and status distinctions (Ostrower, 1995). Large donations made by new wealthy billionaires of the 21<sup>st</sup> century seem to confirm the view that the wealthy give part of their wealth to make the world a better place. They have acquired unprecedented wealth own and run their enterprises, and practice new approaches focusing on high performance and impact (Bishop and Green, 2008) to bring social change at a large scale (Harvey et al., 2011; Schervish, 2005). They simply accomplish with a small group of individuals what a large social, political or ‘mass philanthropy’ movement may attain (Schervish, 2014:173). However, not all entrepreneurs engage in philanthropic activities, those for whom further wealth accumulation is of little marginal utility, they are attracted to engage in social welfare on a large scale. Such actions might be made for the desire to increase their cultural, social and symbolic capital, but their philanthropic activities might also build up their wealth.

Figure 2 explains the way two concepts of entrepreneurship and philanthropy are linked, and explains both the accumulative process of wealth creation and its distributive process (Harvey et al., 2011). Wealth distribution through philanthropy for societal well-being repays in accumulating more capital and further strengthens their business position to play their role at a larger scale.

**Figure 2.2: The relationship between capital and philanthropy.**



**Source:** Harvey et al., 2011

The relevance of this approach to this study is that this model can be applied to two cases under study (Fauji foundation and Engro foundation). Both are dominant actors and fulfill the necessary condition of accumulated wealth *in the* field of business and have acquired abundant *command over resources* (Maclean, Harvey & Press, 2006; Maclean et al. (2010)

through property rights, licenses and contracts which help them to extract economic rents. Their power, enable them to accumulate economic capital and in recognition of social inequalities they engage in a distributive process through a corporate foundation and a philanthropic enterprise to support others. They actively invest their economic, cultural, social and symbolic resources for social improvement at the local and national level.

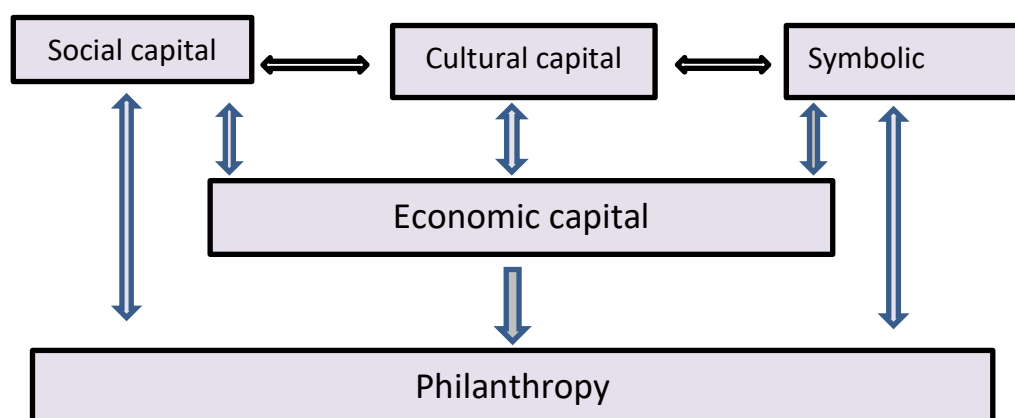
One limitation of entrepreneurial philanthropy is that it tends to associate the phenomenon with philanthropic activities of super wealthy entrepreneurs mostly in advanced countries. Limited attention is paid to analyzing the activities of several entrepreneurial philanthropists who engage in philanthropy at a more modest scale at local or national levels, relative to the role of super wealthy entrepreneurs in advanced countries (Harvey et al., 2019).

### ***Capital theory and social innovation***

A natural extension or refinement of the entrepreneurial philanthropy theory is the two recent closely related notions of social innovation and social entrepreneurship (Maclean, 2013).

This thesis studies social innovation through the lens of capital theory. It is well recognized that ownership of capital is the main source of power of organizations and individuals (Bourdieu, 1986; Clegg, et al., 2006). Among the different forms of capital, economic capital enables wealthy individuals to gain high positions as agents of change. Therefore, ownership of economic capital is considered as a necessary condition for engaging in innovative philanthropic activities (Harvey et al., 2011) for establishing new innovative, sustainable and scaled up organizations that have transformative impact (Mair & Martí, 2006; OECD, 2011). Out of the five cases under study the three cases include social entrepreneurs and independent philanthropists who do not satisfy the necessary condition to engage in philanthropy. As shown in Figure 2.3 they unlike the other two entrepreneurial philanthropists do not possess accumulated wealth but have abundant cultural, social, and symbolic capital which they use for conversion to economic capital. It is the embeddedness of innovations in local contexts that enables them to gain access to resources and legitimacy (Fligstein, 1997). In other words they integrate and underpin the concepts of social innovation, social entrepreneurship, with social values of philanthropy through their ability to raise funds and divert resource flows towards societal well-being.

**Figure 2.3: Social entrepreneurship and philanthropy**



**Source:** Author's model

Cultural capital, as valuable knowledge and experience (Bourdieu, 1986; Maclean, et al., 2006) is also essential for the introduction of innovative philanthropic solutions to socio-economic problems. Social innovators deploy the knowledge and expertise of specialists in pursuit of socially transformative goals, often in conjunction with partner organizations, utilizing the social capital inherent in effective networks (Granovetter, 1983; Burt, 1997) towards virtuous cycles of transformative change (Fowler, 2000). Not only the deep rooted structures and practices that constrain inclusion and progress are changed.

Social capital provides access to additional capital and support for the promotion of innovative social projects (Prabhu, 1999; Thompson, et al., 2000). The social networks and partnerships to which the social innovators have access enhance their agency, enabling them influence policy and state regulations that act as barriers to socioeconomic change and address deep-seated socio-economic problems (Sharir & Lerner 2006). They build trust and credibility among networks of influential individuals and the beneficiaries of their philanthropic endeavors (Harvey & Maclean, 2008). They are aware of and sensitive to the needs and values of their communities and are linked to the sociocultural contexts in which their socially innovative projects are embedded (Shaw & Carter, 2007; Maclean et al., 2012; Mair & Marti, 2004; Austin et al., 2006; Granovetter, 1985; Ram et al., 2008; Smith & Stevens, 2010; Tapsell & Woods, 2010). They create systemic innovative and scaled up changes and play a developmental role in deprived communities that have transformative impact (Dees, 2008; Perrini et al., 2010).

Literature supports the view that social innovation and social entrepreneurship go hand in hand (Friedman & Desivilya, 2010; Weerawardena & Sullivan Mort, 2006) in two ways.

First, Social entrepreneurship is identified as ‘an innovative way of tackling unmet socioeconomic needs’ (Shaw & Carter, 2007: 418). Or ‘a process that catalyzes social change’ (Mair & Marti, 2006: 36), and plays a developmental role in deprived communities (Dees, 2008; Perrini et al., 2010) as a substitute for the state. It involves identifying complex social problems (Chell et al., 2010; Zahra et al., 2009) and innovatively resolving social market failures or inadequately addressed social needs by the government (Thompson et al., 2000). The voids created (Khanna & Palepu, 1997)<sup>5</sup> are perceived as opportunities to ‘add social value systematically by using a range of organizational formats to maximize social impact and bring about change’ (Nicholls, 2006: 13, cited in Smith & Stevens, 2010: 577). Social entrepreneurs ‘revolutionize the patterns of producing social value, shifting resources into areas of higher yield for society’ (Dees & Anderson, 2006: 44). They pursue a social goal (Peredo & McLean, 2006: 64) with a social mission (Pomerantz, 2003; Dees, 1998) and seek lasting solutions to social problems (Corner & Ho, 2010; Peredo & Chrisman, 2006; Marshall, 2011; Calás et al., 2009). They use ‘innovative thinking’ (Steyaert & Katz, 2004: 182) and apply business practices (Shane & Venkataraman, 2000) to a social enterprise, and ‘bring to social problems the same enterprise and imagination that business entrepreneurs bring to wealth creation’ (Shaw & Carter, 2007). Their core objective is social value creation for which it is necessary to foster innovation’ (Chell et al, 2010: 485)

Second, social value creation is important for both social innovation and social entrepreneurship (Marshall, 2011; Friedman & Desivilya, 2010; Peredo & McLean, 2006; Perrini et al., 2010; Dees, 1998). Successful social entrepreneurs ‘reform or revolutionize the patterns of producing social value, shifting resources into areas of higher yield for society’ (Dees & Anderson, 2006: 44). As ‘change agents’ they apply creativity adapt models of change and engage in ‘continuous’ innovation (Dees, 1998: 4) ‘to maximize social impact’ (Nichols & Cho 2006, p. 104) and change social equilibriums.

Thus, social innovation is defined as ‘new ideas about social relationships ...social organization [and] ... social institutions.....new processes and procedures ..... new social practices or ....new business practices’ (Mumford, 2002:253) that prompt social change (Cajaiba- Santana; 2014), and new social value creation (Van der Havea & Rubalcabac, 2016). Others view social innovation as ‘the creation of new or modification of existing conventions, structures, relations, institutions, organizations and practices for civic benefit’ Fowler (2000:

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<sup>5</sup> Market failure occurs when well-defined property rights are missing and potentially beneficial activities fail to happen

649). More succinctly it is the ‘application of new ideas – [or] the reapplication of old ideas in new ways –to social issues: education and health,... inequality and inclusion’ (Leadbeater, 2008). Thus, social innovation, it appears, is focused on outcomes, new practices, new ideas, new conventions, new relationships, new organizations, new institutions, new systems or structures and processes that better respond to social needs (Drucker 1999; Moulart et al. 2005; Cajaiba- Santana; 2014).

This thesis views social innovation as a combination of ‘new idea [that] has the potential to improve either the quality or the quantity of life’ Pol and Ville (2009:881) of individuals and communities (OECD, 2011), as well as modification of existing conventional practices and organizations that help meet social goals of education, health and inclusion. The social innovations studied in this thesis involved creating inclusive, trusted organizations that have changed the norms by providing services to people without the means to pay for them, and have tangibly improved the lives of large numbers of people. Although in developing countries like Pakistan the conditions under which the social innovators and social entrepreneurs succeed in combining new ideas, and modify the existing practices are complex. Nevertheless, the inspiration is social innovation underpinned by social values and norms (Fowler, 2000), societal needs, social responsibility, sympathy, and commitment (Drucker, 1994), in which a society plays an active role, is a cost effective and feasible strategy for creating wide spread transformative change.

### ***Agency Theory and Agency relationships in philanthropic organizations***

This sub-section pertains to the key literature on governance. Although several theoretical perspectives of governance are found in the literature, no single theory explains the entire governance mechanism of an organization. To this end the section draws on two theoretical perspectives of governance mechanisms that have widely formed the basis of research studies. First, it briefly explains the agency theory (Jensen & Meckling 1976; Fama & Jensen 1983) which illustrates the monitoring and control functions of board members. Second, the support role of board members is discussed with reference to managerial hegemony theory (Mace, 1971; Pettigrew, 1992 Pettigrew, 1998). The objective is to better understand the usefulness of the two theories in understanding the governance and board behavior from a developing country’s perspective. To examine the governance of philanthropic organizations the agency theory is applied to agency relationships in philanthropic organizations, both the concepts are briefly discussed as below.

### ***Agency Theory***

Agency theory (Fama, 1980, 1983; Jensen & Meckling, 1976; Jensen, 1994) is the theoretical premise on which most studies of corporate governance are based and is widely used as the basis of research and policy in the area (Price, 2016: 21). It focuses on the agency problems which occur in modern organizations when the separation of ownership and control leads to a potential conflict of interests between directors and shareholders the common situation is where the director (agent) manages an organization on a day to day basis whilst the shareholders (principals) own the company. This principal-agent relationship is expressed ‘as a contract under which one or more persons (the principal(s)) engage another person (the agent) to perform some service on their behalf which involves delegating some decision making authority to the agent’ (Jensen & Meckling, 1976: 308). Further, ‘if both parties to the relationship are utility maximizers there is good reason to believe that the agent will not always act in the best interests of the principal’ (Jensen & Meckling, 1976: 308). The agency problem occurs when there is a conflict between the interest of principals and the agent, and the agents deviate from the interests of the principal. Agency cost arises when there is asymmetric information (the agent has more information than the principal) and moral hazard on the part of the agents. Agency theory makes certain assumptions about human nature;

‘Agency theory postulates that people are, in the end, self-interested and they will have conflict of interest over at least some issues, any of the time they attempt to engage in co-operative endeavors’ (Jensen, 1994: 12 as cited in Price, 2016: 20)

Agency problems occur because contracts are costly to write and enforce, the agency costs include the costs of structuring, monitoring, and bonding (Fama & Jensen 1983). Therefore, to deal with the self-interested conduct of agents, agency theory suggests the role of the board as both a *ratifier* of decisions and a *controller* in monitoring implementation of decisions, so that ‘an individual agent does not exercise exclusive management and control rights over the same decisions’ (Fama & Jensen, 1983: 304). Such a mechanism will ‘limit the power of individual decision agents to expropriate the interests of residual claimants’ (Fama & Jensen, 1983: 309).

The governance mechanism that limits self-interested behavior of agents (Fama & Jensen, 1983) is predicated on ownership structure (Jensen & Meckling, 1976), through the control role of boards of directors and remuneration contracts for agents (Fama, 1980; Jensen, 1994). Such contracts solve the asymmetric information problem and align the interests of the principal and agent (Jensen 1994). Agency theorists place emphasis on the importance of

extrinsic rewards and suggest agents' behavior can be managed by establishing their pay which aligns the interests of principal and agent (Jensen & Meckling, 1976, Jensen, 1994). However, the rewards of agents are often conditional on attaining outcomes that maximize the utility of both the principal and agent (Fama, 1980); through so called *performance related pay*. Theoretically this motivates the agent and maximizes the agent's capacity to perform. However, there is mounting evidence that it is a weak instrument of control (Harvey et al., 2020) and that despite ongoing controversies, the underlying theoretical basis remain unchanged (Price et al. 2018) . Emphasis is also placed on an active monitoring system, by including both independent (non-executive) board directors in a certain ratio to executive directors (Fama & Jensen, 1983). Therefore the theoretical basis is that a dual governance mechanism system of contracts and monitoring solves the information asymmetry problem is the basic premise of agency theory.

### ***Agency relationships in philanthropic organizations***

Although agency problems are commonly associated with principal-agent relation in commercial organizations, the same set of issues arises in other organizations where agents do not bear the risk of their decisions;

‘The problem of inducing an ‘agent’ to behave as if he were maximizing the “principal’s” welfare is quite general. It exists in all organizations and in all cooperative efforts’ (Jensen and Meckling, 1976: 309).

When commercial organizations establish foundations they relinquish decision making to the board of the foundation. They may engage in giving to which creates value for employees, suppliers and the broader community, but this comes at a cost for shareholders. In the absence of shareholders in charitable organizations other stakeholders in the form of donors perform key agency function, minimizing the risk of the misuse of funds or donations by agents (Fama & Jensen, 1983). Therefore, donors tend to address these agency problems, which are quite similar to the issues faced in agent–principal relation in companies by instigating performance management schemes and effective monitoring. A well-functioning governance mechanism that separates control and monitoring role from management is one way to assure the donors that their donations are not easily expropriated (Fama & Jensen, 1985). Foundations with a view to building the trust of donors, assure the funds and donations received are used effectively and not expropriated and often will gradually move towards self-sufficiency by creating their own income sources (Fama and Jensen, 1983).



The five foundations I study address agency issue by having both proper boards in place and also by adopting robust procedures and practices that control and monitor the allocation of resources and costs of their operations, particularly in areas where donors' money is being spent. The data indicates that the likelihood of mistrust and misuse of funds is lowered when there is a formal decision hierarchy with higher level board members controlling and monitoring performance of internal members at all levels. The hierarchical partitioning of the decision process makes it more difficult for decision agents at all levels of the organization to take actions that benefit themselves at the expense of principals (Fama & Jensen, 1983). Furthermore, decision hierarchies are strengthened by imposing effective organizational rules, for example, in accounting and budgeting systems that monitor and constrain the decision behavior of agents and specify the performance criteria that determines rewards. In sum, agency theory suggests boards play both a control and a monitoring role, but little is known about its application in case of philanthropic organizations in Pakistan.

### ***Managerial hegemony theory***

Managerial hegemony theory (Mace, 1971; Pettigrew, 1992; Finkelstein, 1992; Pettigrew & McNulty, 1995; McNulty & Pettigrew, 1996; Pettigrew, 1998), suggests that the well informed, active and professional executive directors dominate the less informed, less active and part time non-executive board directors. Although legally power lies with the directors, it is argued that boards never get involved in strategic decisions (Mace, 1971). In practice they tend to perform a ceremonial rubberstamping role, which supports the decisions of executive directors (Mace, 1971). This may be because the ability to influence decisions differs between non-executives and executives (Pettigrew and McNulty, 1995, McNulty & Pettigrew, 1996, Pettigrew, 1998). The non-executives are less powerful because of their status, and power at the top management is very much skewed in favor of executives.

‘Power is deemed to be hierarchical and therefore corporate executives are in a position, structurally, to dominate those less powerful than themselves in the hierarchy’ (Price, 2016: 23).

This form of power is often characterized as ‘command over resources’ (Maclean *et al.*, 2010: 328) or ‘a capacity premised on resource control’ (Clegg, 1989b: 99). This indicates the notion of power has a structural basis. It is therefore assumed that executives form an elite group and are more powerful than their non-executive counterparts (Maclean *et al.*, 2006; Maclean *et al.*, 2010; Clegg, 1996)

‘A very small number of dominant agents, operating at the life worlds of business, politics and governance, wield extraordinary amounts of corporate power and social influence’ (Maclean et al., 2010: 344).

The extent to which managerial hegemony applies to philanthropic organizations in a developing country is not clear, as little research is available on the power exercised by executive members of foundations and indeed, on the broader role of the board in decision making. In part, this is attributable to lack of transparency in terms of reporting in Pakistan, but also, the diverse nature of philanthropic organizations in the country.

#### **2.4. Wealth, inequality and philanthropy in the 21st Century**

Inequality in the 21<sup>st</sup> century, associated with neoliberal policies, has increased to an unprecedented level (Atkinson, 2015; Atkinson et al., 2012; Stiglitz, 2015; Harvey, 2010) and is characterized by increasing inequality in developed nations (Piketty, 2013). The Forbes annual list of richest people shows the net worth of world billionaires between 2008 and 2018 has more than doubled and increased to a record high from \$4.4 trillion to more than \$ 9.1 trillion. During the same time the number of billionaires also doubled and increased from 1125 to 2208 (Forbes, 2018). Among the elite club of world’s wealthy, the majority of the richest individuals originate from advanced economies, particularly the United States. More recently this phenomenon has expanded to Asia with the number of Chinese billionaires having grown from 16 in 2006 to 373 in 2017 (BS/PwC Billionaires, 2018). The net worth of top 20 world’s richest persons, who are less than 1 per cent of the richest billionaires of the world, is estimated at \$1.2 trillion and they own 13 per cent of the total wealth owned by the billionaires across the globe. Of the 14 world’s richest people, all originate from the US (Forbes, 2018)<sup>6</sup>.

All along the rise in global wealth to higher levels, the gap between top few wealth owners and world’s poorest population has been growing. The multidimensional poverty index 2015 shows almost 30 per cent of the population (living in 101 countries) are poor in multiple ways, but it is encouraging to note in 2018, this has declined to 1.3 billion people (roughly 23 per cent of all people living in 105 countries covered). Yet a large number of people have little or no access to health and education, poor living conditions and they lack basic necessities of daily life like clean water, sanitation and proper nutrition (Oxford Policy and Human

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<sup>6</sup>During 2003-16 the wealth of High Net Worth Individual (HNWI) increased from US\$28.8 trillion to US\$ 63.5 trillion and the number of (HNWIs) increased from 7.7 million to 16.5 million (Capgemini, 2016; Capgemini, 2003) as well as the ultra-high-net-worth individuals (UHNWI) doubled from 70 000 to 157 200 (Capgemini, 2016; Capgemini, 2003) as cited in OECD (2018). Most of these HNWI belong to Asia-Pacific, North America and Europe. While the World wealth report 2019 estimates the number of HNWI as 17 million and the HNWI wealth as \$ 46.2 trillion.

Development Initiative (OPHI), 2018). Even regions like Asia, which have witnessed rapid and impressive economic growth in the past few decades continues to face serious social challenges, and poverty is still a threat to many people (The Economist, 2012).

‘Contemporary philanthropy is facing a paradox. As wealth inequality is increasing, philanthropy..... is seen as a solution’ (Payton & Moody, 2008:3). To address the many pressing social problems governments are encouraging the private sector to provide solutions (Janssen and Estevez, 2013 cited in Jung & Harrow, 2015). One of the ways they do this is by providing tax exemptions to philanthropists. The rising trend of private philanthropy has not only eased the pressure placed by neoliberal policies, rather philanthropy has become a prominent public service provider and supporter of government (Anheier & Hammack, 2010; Wang & Qain, 2011).

Wealthy entrepreneurs recognizing their role in socioeconomic change have led to what has been labeled as a *new golden age of philanthropy* (Bishop and Green, 2008). Recent surveys conducted in some advanced countries (ADMICAL, 2018; Chief Executives for Corporate Purpose (CECP), 2018; Chronicle of Philanthropy, 2018) report that since the financial crisis of 2008 philanthropy contributions have steadily increased. Both individual and corporate giving is growing rapidly in some advanced countries and steadily in most Asian countries, although there are often challenges to estimating it accurately (Andreoni, 2015; Charities Aid Foundation (CAF) global giving index, 2018; Giving USA, 2018).

A number of billionaires recently issued a ‘Giving Pledge’; essentially, this was a promise to distribute more than half of their wealth within their lifetime. This campaign was started in 2010 by two American billionaire entrepreneurs and philanthropists; Bill Gates and Warren Buffet, who alone donated \$30 billion to the Gates Foundation, which surpasses the contributions of great philanthropists in the history of United States (McCoy & McGoey, 2011). Likewise, Facebook founder Mark Zuckerberg and his wife, Priscilla Chan, have declared that they will donate more than 99% of their wealth to charitable causes through their foundation. By 2019 the number of signatories stood at 191 billionaires from 22 countries. They have pledged to give at least 50 per cent of their wealth to philanthropic causes which amount to a total of \$500 billion. So as wealth increases, the amount of income donated to charity is also expected to increase (Schervish et al., 2001). Over the past few decades, philanthropic foundations have also undergone impressive expansion. Their asset base has increased to a great extent and so have their contributions towards education, health and many other areas of social wellbeing (Johnson, 2010). For instance, in US there are over 87,142 foundations with assets of \$789 billion (Foundation Center, 2012) in Canada the 10,808 foundations have \$64

billion (Canadian Foundations Facts, 2017). Europe has 110, 000 foundations which were created between 1980 and 1990 (Hopt et al., 2009 as cited in Anheier & Leat, 2013: 449), and in the UK, some 8,000 foundations exist with assets of \$43 billion<sup>7</sup> (Anheier and Leat, 2013).

Increased global wealth has also increased the scale and scope of entrepreneurial philanthropy across the globe, contrary to what was a few decades ago believed to be not the job of businesses (Friedman, 1970). During the past few decades social entrepreneurs have also emerged as a new force of socioeconomic change and are actively engaged in providing innovative solutions to some of the complex social problems of the present time. However, with increases in global wealth, in particular the accumulation of increased levels of wealth by the top 1% of society (Piketty 2013), there has been renewed interest in philanthropy. This has given rise to a set of questions: what explains the rapid massive wealth creation by successful wealthy entrepreneurs? Why do they distribute part of their wealth to engage in philanthropy? and what is their socioeconomic benefit and impact. Additionally, how effectively do philanthropists use their wealth and address the challenge of growing multiple inequalities faced by many people? These questions are more than simply questions of economic efficiency these are ideological questions, the outcomes of which will affect the systems and institution under which people are governed.

The literature reviewed in section 2.4 of the chapter involves discussion relating to a set of questions. For example, what is philanthropy, who are philanthropists, why do they engage in philanthropy, what choices do they make, which causes receive most support, and what do donors get out of philanthropy.

## **2.5. Understanding philanthropy**

### ***What is philanthropy?***

The term philanthropy encompasses a variety of terms such as ‘charity’, ‘benevolence’, ‘giving’, ‘donating’, ‘voluntary sector’, ‘nonprofit organization’ and ‘NGO’ (Adam, 2004: 4). Similarly, competing interpretations of philanthropy have emerged (Acs & Phillips, 2002). The Greek word *Philanthropia* in Johnson’s dictionary, first published in 1755, is explained as ‘love of mankind’ also as ‘good nature’ (Johnson, 1979), its other interpretations include goodness, well-being, volunteerism, ‘a social relation revolving around the moral virtue of *caritas* (love

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<sup>7</sup> OECD (2018) reports the number of foundations rose in US by one third (from 64 845 to 86 726 between 2002-14 and total giving doubled from US\$ 30 billion to US\$ 60 billion (Foundation Center, 2017). In Europe philanthropy is also increasing and has the largest number of philanthropic organisations with 130 000 in 2015 (Fondation de France, 2015). In Asia, Chinese foundations have increased from 200 in 2012 to 5454 in 2016 (United Nations Development Programme (UNDP) and China Foundation Center, 2017).

for others in their true needs)' (Schervish, 1998: 600) and giving of money, time, and in kind resources to causes that benefit the society (Harvey et al., 2019 a).

As far as the definition of philanthropy is concerned there seems to be no clear academic definition of philanthropy specifying the motives, means, and objectives of philanthropy (Sulek, 2010). For example, it is referred to in the literature as 'voluntary giving of resources by private individuals, couples, families or corporate bodies to promote charitable causes, projects or organizations' (Harvey et al., 2019: 2), or more precisely as 'voluntary action for the public good' (Payton & Moody, 2008: 3). It is also defined as 'a social relation governed by a moral obligation that matches a supply of private resources to a demand of unfulfilled needs' (Schervish, 1998: 600). Further, philanthropy in the 21<sup>st</sup> century is seen as more than giving money, time, or in-kind resource, it is now focused on gains from giving that generates profit and social impact (Salamon, 2014). That is, emphasis is laid on effective philanthropy and use of ways that harness 'the profit motive to achieve social good.' (Bishop & Green, 2008: 6) or finding 'the most effective ways to improve the world' (Singer 2015a: 11).

One problem with these definitions is that philanthropy is considered as either voluntary or a moral obligation, but not both. Voluntary giving is offered irrespective of wealth owned, while the obligatory giving is linked to personal wealth and a portion of it is distributed as a moral duty for social purpose to the under privileged individuals of society. Philanthropy is also not always restricted to support for causes that yield public goods such as healthcare, community development or education. It is often prominent in other areas also such as the politics, the arts or religion. The recent phenomenon of philanthrocapitalism (Bishop & Green 2008) seems to see no conflict between the two objectives of profit making and social good (Edwards 2015; Singer 2015b) which others believe, paradoxically, that these forms of philanthropy may actually increase the same socioeconomic inequalities that they seek to address (McGoey 2015).

### ***Who are philanthropists?***

Philanthropists can be individuals, households, companies, nonprofit organizations, and government (as a regulator and policy maker set rules and incentives to facilitate philanthropic activities). Individuals and households are the major source of funds for philanthropic causes in most societies. Generally, as the wealth of the society increases so does the amount of donations for philanthropic purposes (Breeze & Lloyd, 2013). They may choose to donate directly to causes of their choice or indirectly to philanthropic organizations such as trusts and foundations. Companies or organizations are the second major source of philanthropy. Many

decide to spend their surplus funds in support of causes in the locale where they operate. Corporate philanthropy may be opposed by the shareholders as they may believe surplus funds should either be re-invested or paid as dividends (Friedman, 2016 [1970]). Still, many companies engage in philanthropic activities with the belief that their philanthropic contributions might pay off in the long run in terms of increased profitability and positive image (Dunfee, 2016 [2011]; Moran & Branigan, 2016). Companies may choose to make donations directly to those in need or to a philanthropic organization. Some companies establish their own corporate foundation or work in partnership with community level organizations. In addition to profit earning companies, the third source of philanthropic funds are nonprofit organizations they may also contribute their surplus resources towards philanthropic causes. The fourth source of philanthropic funds in many countries is the government (Salamon et al., 2003), who supports philanthropy through grants and tax relief (Davies, 2015) granted to both individuals and philanthropic organizations. Clearly, governments needs to support those less fortunate faced with affordability and accessibility issues in health, education and better livelihood ((Dorling, 2011; Hutton, 2015).

### ***The decisions philanthropists make***

The first question faced by philanthropists is *what to give*. Philanthropists give in cash, stocks and shares or real property (Scharf & Smith, 2012). Cash tends to be the most common method of giving. Shares are given by businesses to foundations, and in-kind donations are made in the form of food, clothing, household items, land and buildings to foundations offering health and educational services, or other institutions. Philanthropists also volunteer their time and services to organizations that need their services. Further, philanthropists decide *when to give* and may choose to give during their life time and get greater satisfaction, while others may choose to leave bequests and keep control over their wealth during their life time (Davies, 2015: 139-43). Finally the question *how to give* depends on whether the philanthropist has sufficient resources and takes a long term view and decides to donate to endowments (Calabrese & Ely, 2017) of a charitable organization. In this way the donations are expected to benefit many in the future, for example the gifting land or other property that yields rents as a regular source of income (Jordan, 1959: 22-25). Many successful charitable organizations continue to survive because of their endowments. An alternative way of giving is to support good causes of the present time that need urgent attention, like natural disasters. However, gifts to endowments can be restricted or unrestricted (Ostrander, 2007). The financial statements of the independent foundations showed such gifts are common and were termed as restricted and unrestricted

funds. Their use was made conditional for the support and healthcare of the under privileged. While restricted gifts may not be problematic in case of urgent use of funds, for example they may become ineffective if the purpose of an endowment becomes irrelevant. Such a problem can be avoided by leaving the use of funds to the discretion of future trustees who will have the authority to, develop new policies with the change in circumstances (Harvey et al., 2011).

### ***The causes that attract most philanthropic funds***

Breeze & Mohan (2016: 67-90) observe that the choice of a philanthropic cause may not be always aligned to the changing demands and need of society. In fact, donor choices are driven by life experiences and attached to specific causes which often neglect causes that are more reflective of the social and economic needs of the communities they support. On the contrary new wealthy, young and educated philanthropists are found to be more strategic and innovative in their giving (Havens & Schervish, 2014). Others also find giving decisions vary significantly with income, age, gender, religious faith and education (Bekkers & Wiepking, 2007; Havens et al., 2007; Bekkers & Wiepking, 2011; Wiepking & Bekkers, 2012; Mesch, 2009; Feldman, 2007), and may even vary with the level of development. For example, major donors in advanced countries have a stronger preference to support prestigious institutions like universities, research, and organizations in the arts, culture and heritage sector (Harvey et al., 2019), while the general public may have different perspectives. Moreover, in developing countries social entrepreneurs are more aware of neglected social problems and their giving choices are more aligned to societal needs like education, health and community service.

### ***The motivations to engage in philanthropy and its returns***

Effective philanthropy 'is one of the challenges of our own time' as it involves questions such as why, when, to whom, and how much to give (Reich, 2016: 466). The literature provides a complicated mix of several answers to why people give (Bekkers & Wiepking, 2010) as philanthropic behavior varies across individuals, cultures and nations (Pharoah, 2016). In fact, multiple motives are at work which differ with time, location, institutions and philanthropists (Bekkers & Wiepking, 2016[2011]). What is clear is that philanthropists primarily pursue tangible objectives that they believe might change things for the better (Breeze & Lloyd, 2013). For example, funding solar electricity systems for schools in remote areas (Shi, cited in The Economist, 2012) or supporting underprivileged students to have access to higher education that otherwise would not be possible (Xin Zhang, 2016[2014]) or funding health projects that seek to protect children from common diseases in developing countries (Gates, 2016[2007]).

A review of the literature suggests that for the most part, the motives to give are similar for all philanthropists, whilst there are some motives to give which are specific to major donors and elite philanthropists (Schervish, 2003). One perspective is that individuals give in gratitude for the blessings of life and to show love, sympathy and compassion towards others (Breeze & Moody, 2016; Schervish, 2014). A second view is that they relate their personal success to the society they were in and are motivated to give back (Pinchuk, 2016 [2013]) to communities that have fostered them (Schervish, 2016 [2007]). A third, view is that generous giving does not reduce one's wealth. In fact it helps in furthering capital accumulation (Harvey et al., 2011). A fourth, stance is that giving is assumed to be a human obligation (Breeze & Moody, 2016) as well as moral obligation (Schervish, 2003). Human nature is motivated by concern for other individuals whose needs seem more urgent and important against the desires of the wealthy (Piliavin & Charng 1990:30; Andreoni, 1990, 2015; Fontaine, 2007).

Fifth viewpoint is that they give because of 'moral biography' i.e. the personal capacity and moral compass that enables them to respond to the call of *Philia* (Schervish, 2016:171[2007]). Several forms of this moral compass are reflected in the statements of the wealthy. For example, Ted Turner, the billionaire founder of CNN asked 'What good is wealth sitting in the bank?' and 'It's a pretty pathetic thing to do with your money' (cited in Bishop and Green, 2015: 541). Similarly, for Bill Gates being wealthy means an obligation to give and his motivation for giving comes from the belief that 'every life has equal value' and Sir Tom Hunter believes that 'with great wealth come great responsibility' (Daily Mail, 18 July, 2007). 'To whom much has been given, much is expected' as mentioned on his foundation's webpage (Singer, 2016: 183, 185 [2006]). The 'haves' of the developed world have a moral obligation to support the needy because they have the ability to do so without sacrificing the comforts of their lives (Singer, 2009, 2015). Richard Branson writes, 'Stuff really is not what brings happiness. Family, friends, good health and the satisfaction that comes from making a positive difference are what really matters' i.e. philanthropy brings satisfaction which is far more valuable than the cash donated (cited in Harvey et al., 2019: 10).

Sixth, idea is that philanthropists give because they have the capacity for empathy and identify themselves with those in need and share in whatever way they can (Boulding, 1962: 61). Lifelong experiences (Breeze & Mohan, 2016), and values of compassion in a society develops the ability to care for others (Wouthnow, 2016[1991]) and identify with a cause or person (Schervish & Havens, 1997; Schervish, 2003; Breeze & Mohan, 2016).

Final perspective is that giving involves a *quid pro quo* i.e. 'all transactions involve some kind of exchange,' for example dropping a coin in a blind beggar's mug gives a glow of



emotional virtue (Boulding, 1962: 57). Or giving is motivated by ‘warm glow’ (Andreoni, 2016[2006]) and individuals give for public good if in return they receive a private good (Olson, 1965). Therefore, philanthropists give because it brings both societal and personal benefits (Breeze & Mohan, 2016). Paradoxically, giving is voluntary yet donors expect a return, an emotional or prestige-based benefit, recognition, pride, status among peers, self-esteem and self-confidence (Andreoni, 1990; Andreoni & Payne, 2013). Some even suggest the motivation to obtain private benefits and the warm glow from philanthropy, dominate the altruistic motive of giving (Bekkers & Wiepking, 2016[2011]). Or for some ‘the most effective ways to improve the world’ is ‘doing the most good’ rather than the warm glow feelings or any other motive of giving ((Singer 2015a:11; 2015b).

In other words, philanthropy brings greater satisfaction and reward by doing good and by caring for others. It creates a purpose in life, a positive social identity, and legitimating ownership of wealth (Maclean, Harvey & Chia, 2012). With positive outcome of philanthropy the satisfaction is intensified, and positive psychological capital is created (Luthans, Luthans & Luthans, 2004; Smith & Davidson, 2016 [2014]). The philanthropists attain a new level of self-fulfillment, never experienced before (Maclean, Harvey, Gordon & Shaw, 2015). Generous people enjoy greater well-being in life and vice versa, rather it is a win-win not a one-way street (Smith & Davidson, 2016, 2014; Harvey et al., 2011). While major donors are recognized through symbolic honors such as state level awards, honors and honorary degrees (Shaw, Gordon, Harvey & Maclean, 2013).

In summary, the motives to engage in philanthropy and choices to give are diverse and often very complex (Breeze & Mohan, 2016). Whether donations are made in response to one specific motive is not clear. In practice multiple motives are at work simultaneously and may differ across time, place and organizations/donors (Bekker & Wiepking, 2011). Motivations to give vary, the objective may be to contribute towards well-being of others, but equally it maybe a combination of obtaining both personal and public benefits, as donors are found to be not cause neutral (Breeze & Mohan, 2016). Motivations to give are also influenced by social structures, local cultures as well as the legal, regulatory and economic systems in which the donors are embedded (Breeze & Mohan, 2016; Adloff, 2015). All these factors may encourage or limit the propensity to engage in philanthropy.

However, the above factors explaining the motivation for giving are only part of the story. Most studies focus only on the distributive (aspects) process of philanthropy and not on both the accumulative process of wealth creation and its distributive process (Harvey et al., 2011). It is not explained the way two concepts of entrepreneurship and philanthropy are

linked, or how wealth distribution and reallocation through philanthropy for societal well-being repays in accumulating more capital and further strengthens their business position to play their role at a larger scale.

This shortcoming is overcome by studies taking a broader view of philanthropy of the elite and wealthy entrepreneurs (Acs & Phillips, 2000, 2002; Desai & Acs, 2007; Acs, 2013; Zunz, 2012; Schervish, 2003 ; Harvey et al., 2011; Maclean et al., 2013, 2010, 2006). These tend to examine the relationship between entrepreneurship and elite philanthropy and its impact on the distribution of wealth for a social cause and on furthering capital accumulation. The importance of the linkage between entrepreneurship and elite philanthropy, along with their combined effect on social and economic stability has a long history. This process is already examined in the sections above.

### ***Critical perspectives on philanthropic giving motivations***

The motivations to give of wealthy individuals are not free of criticism. For example, critiques of elite philanthropists such as Andrew Carnegie, John Rockefeller and Bill Gates, claim that by identifying themselves as philanthropists, the wealthy are actually relieving themselves of the guilt of accumulating massive wealth or they want to enhance their image as philanthropists (Breeze & Moody, 2016). Elite philanthropy is also viewed as a route to their own interests of supporting a high culture of ‘high philanthropy’ foundations, ‘high education’ provided by Ivey League schools, ‘high medicine’ of private hospitals that they support and make policies for such institutions (Odenhal, 1990). They give to gain prestige and higher social status (Ostower, 1995) and use power and influence over public policy to maintain their status quo rather than change it (Ostower, 1995; Odendahl, 1990). Their influence over public policy without transparency and accountability (Schervish, 2003) is a downside of the elite philanthropy (Maclean et al., 2010) that weakens the role of government and influence the decision as to who benefits and how.

Whether philanthropists have a responsibility, or role, in delivering social goods is a highly contentious issue. Some suggest successful entrepreneurs should focus more on their core business and less on philanthropy, so that the society benefits from their capacity to create economic and social value, rather than accumulating wealth in endowed foundations (Lacey, 2016[2011]). This *trickle-down hypothesis* is the basis of Hayekian economic thought which has been the overriding economic model employed in liberal democracies over the last 30 years. This neoliberal stance posits that private wealth is more effective and efficient in delivering social goods than wasteful state welfare programs (Olasky, 2016[1996]). Advocates

would say that entrepreneurial philanthropist have the necessary determination, creativity and resourcefulness and are therefore better equipped to address difficult social challenges (Dees, 2007). On the contrary, other commentators have argued philanthropy is too small and random and that the welfare state is in a better position to solve social problems (Toynbee, 2016[2009]).

## **2.6 The role of foundations in socioeconomic development**

Theoretically, foundations are generally understood as a means of expressing wealthy individuals' altruism and the use of private wealth for public good (Prewitt et al., 2006; Hammack & Anheier, 2013). On the contrary, the neoliberal policies view foundations as an economically efficient alternative arrangement to government responsibilities (Jung & Harrow, 2015). Whatever the need for creating foundations, a central question debated in the literature is: What is the role and more importantly the impact of foundations? After briefly mentioning the role of foundations, a selection of the literature examining their impact is reviewed.

In practice, wealthy individuals and families give a significant portion of their wealth through private foundations and trusts in support of identified charitable causes (Leat, 2016). These support philanthropic causes either by making grants to other charities, or directly engage in social change, by partnering with others to increase impact, and have a catalytic effect by leading innovative causes (Fleishman, 2016 [2007])<sup>8</sup>.

Their forms/structures and functions have varied across history, cultures and nations (Anheier & Daly, 2004). Historically, up till the early 20<sup>th</sup> century, the role of foundations was limited to providing services and relief to solve particular social issues. However, gradually their emphasis shifted from the provision of services towards education and research in order to find permanent solutions to hunger and disease, instead of just catering to the outcomes of these problems (Bulmer, 1999; Smith & Borgmann, 2001).

The primary role of foundations is to serve a public purpose and contribute towards social change through the granting of funds (either from their income or endowments) to nonprofits and organizations who work in accordance with their mission (e.g., the Gates

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<sup>8</sup> Among the various types of trusts and foundations (Anheier & Daly, 2007; Jung, Harrow & Leat, 2018) the five main types include: the independent foundations that are established and controlled by influential individuals and families (Leat, 2016). The community foundations established by local area philanthropists to manage and grant charitable giving (Jung, Harrow, & Phillips, 2013) to front-line charities. Corporate foundations are owned and funded by companies (Moran & Branigan, 2016) to spend according to the choices of the companies. Affiliated trusts, or foundations are established to raise funds in support of single institutions such as hospitals, universities etc. Donor Advised Funds (DAFs) are managed through a non-profit organization on payment of annual fee for fund management services.

Foundation provide grants to specific causes which align with its objectives). As grant making institutions, foundations may maximize the benefits of grants by choosing to play the role of a *driver*, *partner* or *catalyst* of social change (Fleishman, (2016: 338[2007])). Big foundations like the Gates Foundation are also viewed as funders, innovators and partners in solving complex social problem (OECD, 2018). As driver of change, they have clear socioeconomic or cultural objectives and a practical strategy to achieve their goal. They grant funds to organizations to implement their strategy, or they may themselves directly engage in the program as *drivers* of operating foundations (e.g. the Green revolution of 1950s and 1960s was driven by the Ford Foundation and the Rockefeller Foundation). However, philanthropic foundations which have an entrepreneurial origin often shift their focus away from a traditional grant making role towards what is known as *effective philanthropy* (Singer, 2009) or *financialization of philanthropy* (Thümler, 2014) termed as ‘philanthrocapitalism’ (Bishop & Green, 2008), or ‘philanthropreneurship’ (Harrow, 2009). As philanthropist Tom Hunter says ‘we don’t give things away’ but ‘see it as an investment and we are looking for a return’ (cited in Hope, Daily, 17 July 2007). Some foundations may choose to work as *partners*, sharing a strategy with their chosen partners by making grants or receive grants to implement a common strategy. Yet, foundations may also decide to play the role of a *catalyst*, and make grants for pilot projects or experiments to organizations that deal with such problems in the hope that some of the initiatives may bear fruit in the future.

It means foundations operate within certain limits as, except for a few, not many foundations have large endowments to make grants in perpetuity. Foundations in developing countries are endowed with very limited resources, but are, at the same time, attempting to address extremely complex social problems which tend to be much more deep rooted than in advanced economies. In such a situation, foundations act and operate as model institutions of social benefit and value for the needy. However, the partnership role of philanthropic foundations is gaining importance in the form of public-private partnerships or partnership between foundations and even partnership with international donors and organizations which enhance the scope and scale of their philanthropic activities (OECD, 2018). Foundations in Pakistan mostly include independent or corporate owned foundations, and the front line fundraising charities are seen as “*operating foundations*” for socio-economic change (Anheier, 2018). They either generate their own funds or depend on a mix of own resources, grants and donations from individuals, families and companies. Chapter four examines in detail the landscape of philanthropy in Pakistan.

### ***The impact of foundations on socioeconomic development***

While foundations are engaged in innovative solutions to social problems of the present era, governments are also looking to find ways to increase philanthropic donations (Harrow & Jung, 2011). Private philanthropy is expected to partly relieve the pressure of spending on the social sector and reduce government spending (McGoey, 2014). This may provide one of the reasons why the early 21<sup>st</sup> century saw unprecedented global growth of foundations and increasing policy importance of philanthropy (Jung & Harrow, 2015). However, the objective of value creation and sustained impact of foundations continue to be debated in the literature.

As far as the contributions of United States foundations are concerned it is believed to be a remarkable phenomenon, a testimony to human generosity and creativity and one whose story has never been adequately told” (Fleishman, 2016: 338 [2007]). These are integral to the civic and democratic fabric of the United States (Zunz, 2012) and are financially powerful, highly independent, most tax favored and least accountable institutions (Porter & Kramer, 1999, Reich, 2016). All these factors along with freedom from competitive and government pressure enables them to ‘think the unthinkable’ (Anheier & Leat, 2016: 344-345[2006]). Not only are they valued for their capacity to operate on a large scale, their long term “discovery” and risk taking approach (Reich 2016: 469) in finding innovative and cost effective solutions for social issues to foster social change is important (Porter & Kramer, 1999: 122; Prewitt et al., 2006).

Studies examining the role of philanthropic foundations share the common conclusion that foundations can deliver social goods, which complement state activities, but have yet to realize their full potential (Hammack & Anheier, 2013; Anheier & Daly, 2007; Anheier & Leat, 2006). Critics view philanthropy as a black box (Jung & Harrow, 2015) wherein a group of few wealthy capitalist elites have the capacity to impose their will on majority (Arnove & Pinede, 2007; Roelofs, 2008; Hall, 2013). Important questions about the capacity of foundations in making a real, sustainable difference in the 21st century remain to be answered (Anheier & Leat, 2016: 342[2006]). The ineffectiveness of foundations may be attributable to their relationship with non-profits who receive the grants they make (Letts et al., 1997). When compared to venture capital in respect of risk management, the amount of funding, the closeness of their relationship, the length of their relationship and their exit strategy, venture capitalists are found to be much more effective than foundations (Letts et al., 1997). Criticizing the role of foundations some argue that only few of them function strategically to create social value and their potential to benefit the society largely remains unmet (Porter & Kramer, 1999). Foundations have also been questioned as an expensive and inequitable set up for the use of

private funds for public good (Porter & Kramer, 1999: 123). For example, contributions made to a social enterprise are entirely used for social benefits, whereas donations made to a foundation, may not immediately be recycled into the social sector, for example annual grants of foundations in the United States are almost 5.5 per cent of their assets which is marginally above minimum legal benchmark of 5 per cent. What this means in practice is that funds are invested to obtain financial returns and not social returns.

Some even hold that part of the funds that foundations give as grants belong to the tax payers as they directly and largely contribute in advance to the likely future social benefits that are often considered to have been created by the foundations (Porter & Kramer, 1999). Quite possibly foundations are used as bridge builders through which the wealthy build capital to rise to higher ranks of the elite (Bourdieu, 2015 [1998]). Since they are firmly rooted in elite philanthropy they tend to be strongly favored through tax concessions and protected legally, socially and politically (Ostrower, 1995; Hammack & Anheier, 2013, and Anheier & Daly, 2007). Even very large foundations are considered as a source of political and economic power and, as they grow in size, they can exercise more power and influence on public policy. Or they are seen as using ‘hegemonic power’ at the government and global level and are believed to be epitomes of power elites (Roelofs, 2016: 346 [2003]) promoting status quo and wealth accumulation of the profit-making sector (Roelofs, 1995). Critics claim philanthropists are often too focused on their own agendas. This is a claim often made against the Gates Foundation (Sylvain, 2014 as cited in Chia, 2015).

Nevertheless, foundations have expanded in scale and scope (Anheier & Leat, 2013; Youde, 2013) and have done much good in solving socio-economic issues, as their value lies in socio-economic impact.

## **2.7 Socioeconomic problems and inequities of Pakistan**

The UN Human Development Report (2019) ranks Pakistan among the medium human development countries<sup>9</sup>. Its socioeconomic problems when viewed in the light of 17 UN Sustainable Development Goals (SDGs) show it lags behind in most of the identified goals. This section focuses on SDGs 1-8 as areas that address the root causes of socioeconomic inequalities that constrain its socioeconomic transformation<sup>10</sup>.

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<sup>9</sup> The UN Human development report (2019) place countries into four different groups namely the very high human development, high human development, medium human development, and low human development.

<sup>10</sup> The 17 SDGs include: 1 No poverty 2 Zero hunger 3 Good health and well-being 4 Quality education 5 Gender equality 6 Clean water and sanitation 7 Affordable and clean energy 8 Decent work and economic growth 9 Industry, innovation and infra-structure 10 Reduced inequality 11 Sustainable cities and communities 12

### ***Poverty and hunger (SDGs 1 and 2)***

The 2015 official estimates of Planning Commission suggest almost 24.3 per cent of the population is estimated to fall below the poverty line if the cost of basic needs require income of PKR 3250.3 (equivalent to \$54) per adult per month (Planning Commission, 2016). It means 50 million people lived below the poverty line. In comparison the World Bank data suggests if income per adult is taken as \$ 1.90 per day, then 3.9 percent of the population is poor. However, if income of \$3.20 per day is taken as the poverty line then 34.7 per cent of the population fall below the line (World Bank, World Development Indicators (WDI), 2020, Pakistan Economic Survey 2019). While 38.8 per cent of the population suffer from multi-dimensional poverty in terms of education, health and living standards (UN Human Development Report (HDR) 2019, Pakistan Economic Survey 2019). Hunger and malnutrition persist despite increased food production due to high population growth rate and food price inflation limit access to sufficient nutritious food. Children suffer from underweight and stunted growth and women from high morbidity and mortality rates (Voluntary National Review, 2019). Despite modest improvement poor hygiene adds to health issues, and malnutrition causes low productivity (Planning Commission, 2017).

To address poverty and hunger private philanthropy and giving of food is a common practice that fulfills the nutrition need of the poor (Kassem-Lakha & Bennett., 2013). Corporate social responsibility (CSR) outreach programs also contribute to poverty reduction. In addition, food fortification, universal salt iodization (USI) increased investments in health, agriculture, social protection, water, sanitation and hygiene (WASH) sectors are expected to overcome malnutrition and stunting (National Institute of Population Studies (NIPS), 2018).

### ***Healthcare service delivery (SDG 3)***

Increased health spending not only means better health, reduced burden of ill health and poverty but it also leads to economic growth (Xu et al., 2003). Recognizing its importance there is increased commitment towards universal health coverage and health-related goals stated in the SDGs. Research shows that reduced government health spending per capita leads to increased child, adult, and maternal mortality (Bokhari et al., 2007; Moreno-Serra & Smith, 2015; Nixon & Ulmann, 2006; Budhdeo et al., 2015). Others find that countries with lower levels of health spending have lower performance on universal health coverage (Dieleman et al., 2018). A healthy population contributes positively to socioeconomic development of a

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Responsible consumption and production 13 Climate change 14 Life below water 15 Life on land 16 Peace and Justice strong institutions 17 Partnerships to achieve the goal.(UNDP, 2015)

country, while low and inadequate public expenditure on healthcare signals a weak social protection and healthcare system (Jaffer et al., 2013; Roome et al., 2014).

The key health indicators of Pakistan show that it spends 1.1 per cent of GDP on health, life expectancy (67) has improved overtime but remains the lowest in the region, under five mortality (74 per 1000 live births) and infant mortality (62 per 1000 live births), are also the highest compared to its neighboring countries (World Health Statistics, 2019; World Bank Development Indicators, 2020). The causes of infant mortality include pneumonia (David A McAllister et al., 2019), diarrhea and malnutrition (National Nutrition Survey 2018; HRCP, 2018). Not all infants are vaccinated or immunized and cases of polio and measles were reported (World Health Statistics, 2019). Limited access to lifesaving maternal care is reflected in maternal death rate of 140 per 100,000 live births (World Health Statistics, 2019).

Healthcare challenges include insufficient and unequal distribution of healthcare services and limited accessibility (Pakistan Economic Survey, 2018). Health inequalities show ‘poor families rely on primary health care services while the rich have easy access to secondary and tertiary care health care, and benefit from both public and other provider networks. There is a huge difference in the type of care available to poor people in terms of the availability of staff and supplies, quality of medical practice and accountability’ (Malik, 2015:8)<sup>11</sup>. Most spending is meant for curative care, against prevention and control.

Not all the individuals have health coverage only 22 per cent of the population is covered through health service delivery systems like Armed Forces, Fauji Foundation, Public healthcare system, Employees Social Security Institute, autonomous organizations, military and cantonment board hospitals, while rest of the population is not covered (Nishtar, et al., 2013)<sup>12</sup>.

### ***Education (SDG 4)***

A common belief prevail among development agencies (World Bank, United Nations Educational , Scientific, and Cultural Organization (UNESCO), United Nations Children’s Fund (UNICEF) is ‘ that education increases individual incomes; that it is positively correlated

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<sup>11</sup>In addition, the most prevalent communicable diseases include tuberculosis, measles, pneumonitis, acute respiratory infections, diarrhea, malaria, gastrointestinal infections, viral hepatitis and acquired immune deficiency syndrome (HIV-AIDS) which threatens life of thousands of individuals (Roome et al., 2014; Sultan & Khan, 2013; Ibrar Rafique et al., 2018). Until recently, non-communicable diseases were not part of the international development agenda (OECD, 2018). International donors’ total health spending is small and focused on communicable diseases (Wasay et al., 2014).

<sup>12</sup> Only recently the government has initiated a health insurance coverage scheme to a few less privileged which it plans to upscale in future. (Pakistan Economic Survey, 2019)



with macroeconomic growth; that it is strongly correlated with reductions in poverty, illiteracy and income inequality; and that it has strong complementary effects on the achievement of . . . lower infant and child mortality, better nutrition...’ (World Bank, 2002a, p .v as cited in Hannum & Buchmann, 2005) Also human resource development is viewed as the key to economic freedom access to better opportunities and livelihood (Sen, 1999).

Research studies confirm the health and demographic benefits of education but the impact of education on individual income, economic growth and reduction in social inequalities is found as mixed (Hannum and Buchmann, 2005). Some find a strong positive impact of education on economic and technological progress (Barro, 1991; Petrakis & Stamakis, 2002; Poot, 2000; Sylwester, 2000; Rodrí’guez & Wilson, 2000). Others cast doubt on the positive relation between education and economic growth (Levine & Renelt, 1992; Krueger & Lindahl, 2000; Pritchett, 1996), rather the two are strongly related in the long run (Krueger & Lindahl, 2000). The return to education varies with different levels of education, the quality of education and across countries (Behrman & Birdsall.1983; Card & Krueger, 1992). Furthermore, education may not reduce social inequalities, its impact is context driven and social structures largely shape and constrain educational outcomes (Hannum & Buchmann, 2005). It alone may not alter the social status of different social groups as the elites maintain their position through more and better quality education as compared to the masses (Walters, 2000).

Similar findings are reported in case of Pakistan. Its literacy rate of 60 per cent is well below its neighboring countries (UN Human Development Report, 2019) and the primary school dropout rate of 22.7 percent (Global Partnership for Education, 2016) means school enrollment and completion of secondary level education is lowest in the region (Pakistan Bureau of Statistics, 2014). Despite these challenges, 2.3 per cent of GDP spent on education which is significantly lower than regional countries (Global Partnership for Education. 2016). All these factors along with the quality of education limits opportunities towards better livelihood and social inequalities persist<sup>13</sup>.

Although government plays a major role in provision of education its focus is on primary education as majority (80 per cent) of the primary level public schools are public owned and only 20 per cent of the middle and secondary schools are public owned (ADB, 2019). This suggests all the poor students do not have access to middle and high school education. In addition to inequalities in access to education, the Annual Survey of Education

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<sup>13</sup> Studies report on average 5-7 per cent increase in the rate of return to another year of schooling in Pakistan (Haroon, 2015; Qureshi, 2012; Ashraf, 2011). Against a rate of return of 10 per cent an Psacharopoulos & Patrinos, 2002).

Report (ASER) shows inequalities across gender and socioeconomic groups prevail, girls and students from poor families have limited access to education and learning (ASER, 2016; HRCP, 2018).

Inequalities across genders, socioeconomic groups, and regions persist (ASER, 2016) it is worse at all levels of school education for girls due to few schools (especially for girls) in remote areas and rural. Non-availability of female teachers, poor infrastructure, few class rooms, and poverty are the main causes of low enrollment and large number of out-of-school children (Pakistan Bureau of Statistics. 2015; Pakistan Economic Survey, 2018). Inequalities across socioeconomic groups show that students from wealthy families outperform poor students (ASER, 2016)<sup>14</sup>.

The financial contribution of development partners is limited, yet major support comes from Development for International Development (DFID), the European Union (EU), World Bank, United States Agency for International Development (USAID), and German development cooperation through Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ). Their support programmes focus on primary school girls' education, school reading and technical/vocational education programmes (ADB, 2019). Nevertheless, much remains to be done to address the needs of millions of children not enrolled, improve enrollment, quality of education. Further, reduced gender, socioeconomic groups, and regional inequities are necessary for increase in literacy rate (ADB, 2019).

### ***Gender Equality (SDG 5)***

Gender inequality is a significant problem in Pakistan. Women form 48 per cent of the total population but less than half (49 per cent) can read and write. This level of literacy is significantly lower than males of whom 70 per cent are literate. Out of almost 60 million women of working age, only 20 per cent are paid workers (Pakistan Bureau of Statistics, 2017). Family priorities, cultural norms and women's role in the society determine gender inequality gaps, reflected in education gaps, women labor market participation decisions, and ownership of property and assets. However, recent trends show increased number of young women, aged 15-24 years are enrolled in higher education and join professional and managerial jobs.

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<sup>14</sup> However, different public-private partnership (PPP) models have expanded outreach (ADB, 2019). Private sector also has an increasing share in school education these includes fee-based low-cost and elite schools (SPDC. 2015; Pakistan Bureau of Statistics. 2015). While the role of private sector has grown these are mostly located in urban areas (SPDC. 2015). To help remedy the situation, the Benazir income support program (BISP) also offers conditional cash transfer for education, to out-of-school children of age 5- 12 years.

Traditionally women worked in the health and education sectors, though legislation seeking to improve equality of opportunity has meant there are now reserved national assembly seats for women. Women are also permitted to serve in the Pakistan Air force as pilots and generals in the Armed Forces, they are political leaders, work in the private sector in senior administrative roles, win Academy Awards (Oscars), attend international sports events and conferences, they are members of parliament, senate, and work in local governments, they have the right to vote and access to justice (Pakistan Bureau of Statistics, 2018). These gender equality measures have helped Pakistan to gain US\$ 91.5 billion per year (International Monetary Fund (IMF), 2018).

To protect women and girls against violence a toll free women helpline and women police station have been established. National and provincial legislations protect women through Maternity Benefit Act, Domestic Violence Protection and Prevention Act, Harassment of Women at Workplace Act, and Child Marriage Act. Other measures include quota setting for women jobs in the public sector, and women representation on boards of statutory bodies and public sector organizations (Pakistan Economic Survey, 2019).

### ***Infrastructure (SDG 7)***

Literature about the role of infrastructure and socioeconomic development is not clear. For example, some find a positive relation between infrastructure development and economic growth (Straub and Hagiwara, 2011; Faridi, et al., 2011; Hashim et al., 2009; Mehar, 2020; World Bank 2017; Hussain & Zhang (2018)). Others report that public infrastructure investment has a minor impact (Looney, 1997) or even a negative but insignificant impact (Din & Ghani, 2006) which raises doubts about efficiency of public investment. While, (Iqbal & Nadeem, 2006) find infrastructure development is linked to social development, but not to real economic as well as monetary growth.

In a World Bank study of developing countries' infrastructure development (transport, tele-communication, electricity and water, sanitation and irrigation) reports Pakistan performs unsatisfactorily in infrastructure development which matches with its weak economic growth in recent years (Loayza & Wada, 2012). The study also reports that transport services except its ports are poor and the pace of spread of telecommunication, cell phone and internet services is slow. Pakistan is an energy deficient country and its electricity generating capacity is low with frequent power losses of electricity and low access to electricity. Only 45 per cent of population has access to improved sanitation, though its irrigation system is well developed. The water, sanitation and irrigation have improved in the last decade or so.

In summary, in Pakistan significant deficiencies exist in infra-structure which is lower than majority of the developing countries. Though its infra-structure has improved over time, the progress has been slow and has only recently begun to improve in many sectors.

### ***Decent work and economic growth (SDG 8)***

In order to increase economic activity and provide improved quality employment opportunities, productivity (output per worker) must increase (Lewis, 1955; Sachs, 2005). Sustained economic growth and rises in productivity takes place when economic activity shifts from agriculture, which generally has a low level of productivity to more the productive manufacturing and services sectors. The contribution of the agriculture, industry and services sectors in Pakistani GDP is 20, 19 and 61 percent respectively, but this shift has recently slowed and resulted in little change in the structure of economy<sup>15</sup>. Changes in the employment profile of the economy are also slow, with agriculture still providing 42 per cent of the total employment. Employment in the industrial sector is much lower at 24 per cent, whilst the services sector represents 34 percent of total employment (Pakistan Economic Survey, 2018).

Productivity in agriculture has been continuously declining (Ahmad, et al, 2012; Ahmed et al, 2008) and is below the regional level (Aslam, 2016)<sup>16</sup>, Productivity in other sectors also has seen similar trends; productivity in manufacturing has been declining because of technological backwardness and underdeveloped innovative capabilities (Mahmood & Siddique, 2000). This is as a result of underinvestment over many decades compared to other emerging economies (World Bank, 2019)<sup>17</sup>.

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<sup>15</sup> Agriculture remains an important sector and is a source of income for two third of rural population, it earns more than 80 percent of export earnings, from agriculture-food exports and agriculture-based textiles which earns 60 percent of foreign exchange (Pakistan Economic Survey, 2018).

<sup>16</sup>Productivity differences between big and small farmers traps them into poverty (Ahmed et al., 2008). Use of farmer saved uncertified seed, small farm size, poverty, lack of collateral and access to credit limits the use of modern crop management practices (Rana et al., 2016), Just two per cent of landowners control 45 per cent of farmland and the remaining 98 per cent own 55 per cent of farmland , also 90 per cent of farms are small, and the remaining are medium and large sized (Agriculture Census, 2010, 2014),

<sup>17</sup> Industrial productivity is low, family ownership and management is common (Ilias, 2006; Chaudhry and Faran, 2016) and less productive (Bandiera, Prat, and Sadun, 2013). Except for hand-stitched soccer balls (Atkin et al., 2016), electrical fan and garment sector (Chaudhry and Faran, 2015; Pakistan Institute of Development Economics (PIDE), 2018) the rest are not competitive (PIDE, 2018). Productivity differences exist across large, medium and small size enterprises (Chaudhuri and Faran, 2016). Most resources are blocked in small and unproductive enterprises (Chaudhry and Haseeb, 2014). The politically connected large enterprises have access to loans and their default rate is high (Khwaja and Mian, 2005).

## **2.8. Conclusion**

In sum, this chapter first outlined the theoretical framework of the thesis which guides this research in exploring the phenomenon of philanthropy and socioeconomic development. It summarized the concepts of capital theory, hyper-agency and entrepreneurial philanthropy, identifying their relevance to my research as well as provided some critique of the theories. Second, a review of global trends in wealth ownership, inequality and philanthropy suggests that philanthropy is one way of addressing such challenges. Third, it critically reviewed the literature pertaining to a set of questions related to the understanding of philanthropy, the global trends in philanthropic giving and the factors that influence philanthropy. Studies which seem to examine why individual philanthropists are motivated to give tend to focus on the distinction between altruistic and self-interested motives of giving. In addition, few studies lay emphasis on a much broader approach and explain why and how wealthy entrepreneurs engage in philanthropy for socio-economic development. However, philanthropy is not free from criticism and studies claim the wealthy give because of their self-interest, while others suggest the motivation to give is largely driven by the philanthropist's altruism. It is also highlighted that a great deal of literature primarily focuses on philanthropic activities in the context of advanced countries, and offers little in developing understanding of its potential and impact with reference to developing economies where socioeconomic inequalities tend to be much more acute than in advanced countries. This makes the study of developing countries important in widening of our understanding of the phenomenon by encompassing cultural and societal differences and the role of philanthropy in addressing socioeconomic challenges. Fourth, the chapter examined the role played by philanthropic foundations in socioeconomic development. Similarly, the role of foundations is assessed quite differently in the literature, some view them as holding hegemonic power over the state and, for others, foundations are a secret of the success of capitalism and United States economy. Finally an overview of the barriers to socioeconomic development of Pakistan is presented with reference to a few of the United Nations' sustainable development goals relevant to the thesis. In this respect the supportive role of private philanthropy and the potential of philanthropic foundations in their contribution towards socioeconomic development of Pakistan are explored in Chapter 4 of the thesis.

## **Chapter 3 - Sources and Methods**

### **3.1 Introduction**

This chapter explains the rationale and research philosophy informing my thesis. It provides substantive justification for the methods chosen to ensure that my findings are reliable, robust and coherent. The philosophical assumptions underlying my choice of methodology are first discussed. I then specify my research objectives. Next, I explain, discuss and justify my research design before introducing the case study organizations that served as my fieldwork sites. I then explain how I conducted my fieldwork, using semi-structured interviewing as my primary means of gathering qualitative data. A section then follows on the methods used to analyze my data. I then discuss the ethical and quality assurance issues encountered and resolved during my research. In concluding, I locate the chapter in relation to the empirical chapters that follow.

### **3.2 Methodological stance**

Methodology refers to the approach adopted to study a social phenomenon (Corbin & Strauss, 2015). The approach taken in this thesis is best described by the appellation social constructivist (Bryman & Bell, 2018). I hold that reality in the philanthropic field is constructed through the perceptions and interactions of philanthropists, voluntary sector professionals and beneficiaries. No single explanation of reality exists because so much depends on the subjective interpretations of individual actors and groups (Easterby-Smith *et al.*, 2003, 2015; Lincoln *et al.*, 2011). Experiencing social reality involves human interaction and interpretation (Taylor & Sondergaard, 2017). Researchers and those with whom they interact as they gather data perceive things differently because they come from different socio-historical backgrounds (Easterby-Smith *et al.*, 2015; Angen, 2000). In other words, a certain individuals at a certain location and a certain point of time develops a sense about a phenomenon from complicated social practices that involve past experiences and specific ways of communication and understanding (Schwandt, 1994). Therefore, it involves multiple perspectives and subjective realities based on values, historical experiences and the personal philosophies of actors enveloped by a phenomenon. It is hardly surprising interpretations of reality differ, confounding the idea of objective reality (Yin, 2018). A social reality is not only subjective but open to challenge (Angen, 2000). Subjective realities, therefore, are best understood not through objectified statistics but through rich qualitative data relating to the subjective experiences and perceptions of actors within fields.

Epistemologically, I take an *interpretivist approach* to make sense of an aspect of a complex world that is ‘not readily reducible to measurable components’ (Taylor & Sondergaard, 2017: 115). This involves interpreting data and communicating meaningful knowledge about philanthropy and its impact on the socioeconomic development of Pakistan deriving primarily from knowledgeable actors during the conduct of semi-structured interviews. Extensive supporting and contextual data lend robustness to my findings, including statistical data from development agencies, published survey data and documents from case study organizations. Together, these sources enabled me to study a complex social phenomenon in a real-world context (Yin, 2018). On analyzing and re-analyzing my data in relation to prior research and interpretations, I began progressively to make sense of the phenomenon under consideration and conceive my own *interpretation of the role played by philanthropy in the socioeconomic development of Pakistan*, the central argument put forward in this thesis (Schwandt, 1994). The strength of my interpretation depends ultimately on its plausibility and the weight and quality of my research findings. Whereas positivists use reliability, validity and generalizability as criteria for judging the quality of research, interpretivists recognize multiple perspectives on the social world, so it is not minutia that matter most but interpretive viability (Taylor & Sondergaard, 2017).

### **3.3 Research objectives**

The primary research question posed in chapter one; namely asking what the role of philanthropy is, in the ongoing socioeconomic development of Pakistan, outlines the scope and boundaries of my research. In other words, I am focused in this thesis on the interrelations between *philanthropy* and *socioeconomic development* in a developing country, *Pakistan*. Most research on philanthropy and socioeconomic development has been conducted in the context of developed countries where resource rich philanthropic foundations have sought to alleviate poverty by helping the poor to help themselves, perpetuating what Kohl-Arenas (2016) calls ‘the self-help myth’. There are few comparable studies of philanthropy in developing countries in which philanthropic resources are scarce and socioeconomic problems endemic. Recognizing this lacuna led me to the decision to undertake exploratory research on the topic using my home country, Pakistan, as the setting for my fieldwork. Therefore, taking a bottom up inductive approach, my broad objective is to understand how actors within the philanthropic field in developing countries address chronic socioeconomic problems. I am concerned more specifically to understand how and why entrepreneurial social activists establish charitable

organizations; how these organizations are governed, managed and resourced; and how and to what extent philanthropy contributes to socioeconomic development in Pakistan.

### **3.4 Methodology**

#### ***Research design and case study organizations***

I began my research in a position of considerable ignorance about both philanthropy and the processes of socioeconomic development. This necessitated a considerable amount of reading about both topics alongside the formal study of research methods. I found myself drawn to qualitative research as a means of gaining deeper insights into the operation of the social world. Yet, at the same time, it became evident that you cannot study social processes without understanding the contexts in which actors operate. In other words, you need to see the bigger picture, the macro-sphere, before delving down into organizational level details--, the micro-sphere. This led me to undertake predominantly qualitative case study-based research underpinned by a quantitative evaluation of the importance of philanthropy to socio-economic development in Pakistan (Eisenhart, 2007; Yin, 2018). The quantitative evaluation is intended to answer the first of four subsidiary research questions - how important is philanthropy as an instrument of socioeconomic development in Pakistan? This question is tackled in chapter four of my thesis. In the three chapters that follow I draw on the qualitative fieldwork I undertook in Pakistan. Each of these chapters answers a subsidiary research question relating in turn to philanthropic motivations, the accountability of charitable organizations, and the contributions made by them to the ongoing socioeconomic development of Pakistan. My principal research question is answered definitively in my concluding chapter.

#### ***Quantitative evaluation***

The most reliable and comprehensive data on socioeconomic development are gathered, collated and published by five international organizations created in the wake of the Second World War: the World Bank, the IMF, the UN, the World Health Organization (WHO), and the OECD (see Table 3.1). The World Bank was created in 1944 along with the IMF following the Bretton Woods Conference that had been convened to discuss how the global economy might be reconstructed once the war ended. It was agreed that economic growth and prosperity might best be secured by having a well-funded international bank that could support governments through the provision of loans for development projects (World Bank), and a reserved fund to support governments during times of monetary crisis (the IMF). Since the US Government contributed most to funding both organizations, they were co-located in



Washington DC. The UN, based in New York, was created a year later to preserve peace between nations. Its subsidiary, the WHO, located in Geneva, Switzerland, was created in 1948 and charged with promoting health and eradicating disease on a global basis. In the same year, the Organisation for European Economic Co-operation (OEEC), based in Paris, was formed to administer North American aid for the post-war economic reconstruction of Europe. The organization expanded its remit and in 1961 was renamed the OECD. Given that socioeconomic development efforts need to be founded on sound statistical data, the World Bank, the IMF, the UN, the WHO and the OECD routinely gather and publish detailed and quality assured statistical data on various facets of economic and social development.

**Table 3.1: Sources of statistical data on economic and social development**

<b>Organization</b>	<b>Online data source</b>
World Bank	<a href="https://data.worldbank.org/">https://data.worldbank.org/</a>
IMF	<a href="https://www.imf.org/en/Data">https://www.imf.org/en/Data</a>
UN	<a href="https://data.un.org/">https://data.un.org/</a>
WHO	<a href="https://www.who.int/healthinfo/statistics/en/">https://www.who.int/healthinfo/statistics/en/</a>
OECD	<a href="https://data.oecd.org/">https://data.oecd.org/</a>

These data sources have proved invaluable in underpinning various aspects of my research. The World Bank database provides open access to a range of global development data such as Gross Domestic Product (GDP), GDP growth and GDP per capita in constant 2010 US dollars from 1960 to the present. Population growth, inflation and poverty figures are also readily accessible. The trajectory that emerges for Pakistan is one of a developing country experiencing continuous rapid population growth, from 45 million in 1960 to 217 million in 2019. Nonetheless, Pakistan, in fits and starts, has gradually become a more prosperous country as GDP growth has eclipsed the growth in population in most years, leading to a commensurate growth in real per capita incomes. However, economic growth has not been enough to lift the entire population out of poverty such that 24.3 per cent of the population remained below the national poverty line in 2015. In other words, beneficial socioeconomic change has taken place in Pakistan, but more remains to be done to raise living standards in the country up to those prevailing in developed countries. Similar conclusions can be drawn from IMF and UN data. Telling detail of what this means in practice is to be found in the WHO socioeconomic development indicators database. A picture emerges of large swathes of the population of Pakistan suffering from medical conditions stemming from ignorance, lack of sanitation and poor nutrition. For example, in 2016, 58.8 per cent of children under five years old suffered

from anemia, over a million people were hospitalized due to acute diarrhea, and 40 per cent of the population had no access to basic washing facilities.

The OECD is the richest source of data on overseas development assistance (ODA), the aid granted to poorer by richer countries in support of socioeconomic development, and overseas private philanthropy (OPP), the grants made by private foundations based in developed countries to non-governmental organizations (NGOs) and charitable organizations in developing countries. These data enable flows of ODA and OPP to be charted from donors to recipients, and for the relative contributions of each type of support to be compared. In Pakistan, ODA historically has played a very important role in funding socioeconomic development initiatives, although in recent years its contribution has declined as other nations have been accorded a higher priority, given the relative success of Pakistan in growing its GDP and per capita income. In contrast, OPP has increased in recent years largely on account of the efforts of the Gates Foundation and the WHO to eradicate the polio virus. However, OPP remains small in scale relative to ODA. In chapter four of my thesis, I evaluate the relative importance of different types of funding for socioeconomic development projects and programmes, essentially, total development funding is the sum of ODA, government of Pakistan funding, OPP, and indigenous philanthropic funding.

**Table 3.2: Sources of statistical data on philanthropy in Pakistan**

<b>Organization</b>	<b>Online data source</b>
OECD	<a href="https://data.oecd.org/">https://data.oecd.org/</a>
Bill and Melinda Gates Foundation	<a href="https://www.gatesfoundation.org/Search">https://www.gatesfoundation.org/Search</a>
Pakistan Centre for Philanthropy	<a href="https://www.pcp.org.pk/research.html">https://www.pcp.org.pk/research.html</a>

As shown in Table 3.2, the data available to conduct this exercise come from the OECD, the Gates Foundation, and surveys and estimates of philanthropic giving made by the Pakistan Centre for Philanthropy.

### ***Qualitative case-based research***

The qualitative research undertaken for this thesis consists of five case studies of large philanthropically funded charitable organizations. I consider the case study approach to be the best means of exploring contemporary philanthropic phenomenon because the researcher is able to draw on multiple sources of contemporary and historical sources of data that will likely yield unanticipated findings (Yin, 2018: 18). Case research involves gathering and describing

both the phenomenon of interest and its context (Taylor & Sondergaard, 2017: 2). Case data typically are qualitative (with emphasis on unobservable perceptions such as views on the motivations to engage in philanthropy) but frequently include descriptive statistics relating to the scale, scope and performance of the case organization (Bryman, 2012). I opted to take a multi-case approach to provide rich empirical descriptions based on a variety of data sources to see whether the findings for one case bore similarities to those of others and understand different perspectives (Patton (2002). My analytical method is inductive because it flows from observations about the phenomenon to theorization (Taylor & Sondergaard, 2017: 37).

Research on the relationship between philanthropy and socioeconomic development in Pakistan is sparse. Taking a multi-case approach, therefore, affords the prospect of making robust empirical and theoretical generalizations that others later might build on (Taylor & Sondergaard, 2017). The advantage of having multiple cases is that it enables multiple perspectives to be taken based on the experiences of a broad range of actors (Eisenhardt, 1989; Stake, 2000). Comparative case analysis therefore yields more compelling research insights than single case research (Yin, 2018). I decided on five case studies as enough to reveal diversity but not too many to be unfeasible within the time available to undertake the research. In the process of selecting cases the research strategy was to adopt a non-random purposeful sampling technique, ‘random selection of cases is neither necessary, nor even preferable’ (Eisenhardt, 1989: 537).

The sample was selected purposely from amongst the population of large philanthropic organizations in Pakistan committed to the socioeconomic development of the country. In other words, the intention was to include diverse types of philanthropic organizations in the sample that are ‘information rich’ (Patton, 1990:181) and can be studied in-depth (Perry, 1998). I gained access to three different types of philanthropically funded charitable organizations based in Rawalpindi, Lahore and Karachi working in three sectors, health, education and community development. I selected large front-line charitable organizations because they are involved in socioeconomic development at scale and have the organizational capabilities needed to make a significant difference nationally within the fields of health, education and community development. Setting such boundaries guided the researcher in determining the scale and scope of data collection and in differentiating between the internal data of the cases that describe the phenomenon from the external data that explain the context (Yin, 2018).

### ***Case study organizations***

Philanthropists establish charitable organizations to engage in activities specified in their memorandum and articles of association (Leat, 2016; Fiennes, 2012). Table 3.3 introduces the five cases selected for study, each of which is committed to the socioeconomic development of Pakistan. They directly invest in bringing about social change and address inequalities in health, education and access for financial resources. They proactively drive socio-economic change and have developed innovative solutions to chronic social problems (Fleishman, 2016).

**Table 3.3: Type of organization and philanthropic causes**

<b>Case Type &amp; Cause</b>	<b>Fauji Foundation</b>	<b>Engro Foundation</b>	<b>Al Shifa Trust Eye Hospital</b>	<b>Shaukat Khanum Memorial Cancer Hospital</b>	<b>Akhuwat Foundation</b>
Type of organization	Philanthropic enterprise	Corporate foundation	Front-line charitable organization	Front-line charitable organization	Front-line charitable organization
Philanthropic cause(s)	Education, healthcare, training & employment	Community development	Specialized healthcare (treatment of eye conditions)	Specialized healthcare (treatment of cancers)	Microfinance for the self-employed

Each of the case study organizations raised a substantial part of its funding from philanthropic sources. Three are front-line charitable organizations that campaign for donations besides charging better off clients for their services. They also seek grants from NGOs and the concessions of various kinds for the government of Pakistan. One organization is a corporate foundation funded mainly by its parent company. The fifth organization is far more unusual and classified here as a philanthropic enterprise, a commercial organization that applies a large part of its profits to fund social purpose organizations under its direct control (Moran & Branigan, 2016). The governance and philanthropic spending of the Fauji and Engro foundations are determined by the priorities of their parent organizations. The philanthropic causes chosen by the five selected foundations are education, health and community development, including support for self-employment. Each of the case study organizations is profiled briefly below.

#### ***The Fauji Foundation***

The Fauji Foundation began in 1954 when it was established to support ex-service men and their dependents. Fauji, under military control, was given charge of a charitable military fund handed down by the former British authorities. Instead of spending out the fund on charitable

activities, the money was invested in a textile manufacturing plant. As a philanthropic enterprise, the profit earned from a textile factory was first used to establish a small 50 bed hospital in 1959. Progressively and with high level political support and government concessions, Fauji diversified into numerous industrial sectors. The Fauji Group of Companies is owned by the foundation and with time it has developed into one of Pakistan's largest business conglomerates with a diversified portfolio of investments in 26 companies such as fertilizer, cement, energy sector, foods and the financial services sector at home and abroad (Siddiq, 2017). Its motto is 'earn to serve', and Fauji now offers a range of support programmes in healthcare, education, skills, employment and community development to its ex-military beneficiaries. Its healthcare system has now developed as the largest nongovernment healthcare system in Pakistan, offering free treatment to its beneficiaries. Its educational system has also grown into the largest nongovernmental education system in the country. Its network of technical and vocational training centers provides skills development training for young people. Fauji is a controversial organization, seen by critics as a military fiefdom at the heart of Pakistan's military-business complex with the power to frustrate democracy and social reform (Siddiq, 2017). Others contradict such assertions and show 'the assets of the four military foundations; the Fauji Foundation, the Army Welfare Trust, the Bahria Foundation and the Shaheen Foundation that together are valued at an estimated \$1.2 billion in 2007, which represents 1.7 percent of total market capitalization in Pakistan' (Staniland et al., 2017: 26-27).

### ***The Engro Foundation***

The Engro foundation is a subsidiary of the Engro Corporation. In 1957 the US petroleum company, Esso, which was at the time searching for oil in Mari, Pakistan established a joint venture called Esso Pakistan Fertilizer. In 1965 the business was subject to a management buyout and renamed as Engro Chemical Limited. Presently, the Engro Corporation is a large business conglomerate with national and international investments in fertilizer, food, energy, petrochemicals and chemical storage (Engro corporation annual report, 2019). Although it was historically engaged in philanthropy following a family practice of giving, it formally established the corporate controlled Engro foundation in 2009 to contribute towards sustainable socioeconomic transformation of those excluded from formal markets. It focuses on a range of social wellbeing of communities near its business operations, but societal welfare is also part of its value creation model (Sajjad & Eweje, 2014). The contributions made by the subsidiaries are combined with support from partners and are invested by the Foundation. Its inclusive

business model targets low income communities and innovative livelihood improvement programs, education, health, infrastructure and disaster relief. It makes investments to develop the beneficiaries into business partners in their rice and milk business value chains. Apart from Engro Corporation its subsidiaries also independently contribute towards value creation and socioeconomic welfare initiatives. Its partners in community welfare programs are the international development agencies, locally it partners with the government on energy and agricultural projects to transform communities and scale up socioeconomic change (Engro corporation sustainability report, 2012; Jhatial *et al.*, 2014).

### ***The Shaukat Khanum Memorial Cancer Hospital (SKMCH)***

The SKMCH was established in 1994 as the only philanthropic organization focused on cancer treatment and research in Pakistan. The organization was formed by Imran Khan, a social entrepreneur (and now the Prime Minister of Pakistan) to address social inequalities in the health sector. It is an independently operating and internationally accredited philanthropic organization. The Joint Commission International (JCI) Gold Seal of Approval has accredited the trust for its quality services.<sup>18</sup> Donations from individuals represented 67 per cent of the hospital's total construction cost of \$22.2 million. SKMCH and its research centre are now a leading tertiary care hospital (Badar & Mahmood, 2015). It's clinical and diagnostic income has been used for expansion of the services to two other cities of the country, Peshawar and Karachi. While 75 per cent of its patients receive their treatment at no cost as a result of the income it receives from donations (SKMCH Annual Report, 2019) as the patients often cannot afford expensive investigations and delay treatment (Asim, 2013). The hospital is faced with multiple challenges and treats large number of patients as the government is increasingly seen as incapable to provide healthcare. Recently its operations started in another city (Peshawar), and the second hospital was completed by raising donations while a six acre land was donated by the government (Khan, 4<sup>th</sup> January, 2016).

### ***The Al Shifa Eye Trust***

Established in 1985 by General Jahan Dad Khan, a social entrepreneur, the independently operating trust has a rich history and is well known for eye treatment. His successful life motivated him to give back to his country (Khan, 2008). Alongside his personal financial

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<sup>18</sup> Gold Seal of Approval JCI accreditation is a gold standard that global healthcare organizations are committed to quality and safe environment for the patients. The gold seal is displayed on their website as a distinct achievement. The accreditation is voluntary and involve best healthcare practices with 323 standards, that hospitals must meet

resources he set out to raise funds at home and abroad for the establishment of a philanthropic organization to treat the 3 million blind people in the country believing that 85 per cent of these people are curable if they are provided with timely eye care services (Khan, 2008). The trust provides tertiary eye care, free eye camps, school screening programmes, community-oriented prevention of blindness programmes, and research and development in the field of ophthalmology. Its services have expanded to the neighboring country Afghanistan and to four eye hospitals across the country (Kohat, Rawalpindi, Muzafarabad, Azad Kahmir and Sukker) as well as remote border areas of the country in the Tribal Areas of the Khyber Pakhtunkhwa and parts of Baluchistan province. Almost 70 percent of the patients are treated as a result of donations and grants it receives (Al-Shifa Eye Trust Annual Report, 2019).

### ***The Akhuwat Foundation***

The Akhuwat Foundation was established in Lahore in 2001 as an independent philanthropic organization, by Dr Amjad Saqib, a social entrepreneur, and a group of his friends. Their mission is to support those struck in poverty and as a result, challenge social exclusion (Bashir et al., 2019; Saqib, 2016). The word Akhuwat is an Arabic term meaning brotherhood or brotherliness. The foundation focuses on microfinance to support the self-employed and aims to alleviate poverty by providing interest free family enterprise loans (Qardh al-hasan<sup>19</sup>) to the poor for startup businesses (Rehman *et al.*, 2015). The founder, in his capacity as General Manager of the Punjab Rural Support Program found 30 per cent interest on micro loans as extremely unreasonable. In addition he observed that many people that required loans were poor and therefore were not deemed to be ‘creditworthy’ and as a result, could not obtain a formal loan from a bank. Charging high interest undermines the goal of poverty alleviation and acts as a barrier to economic development (Iqbal *et al.*, 2015). Despite the foundation initially having limited resources, the idea soon attracted large personal donations on an exceptional scale and its branch network has now spread across the country. It is now the world’s largest interest free micro finance program and has a 99 per cent recovery rate on the loans that it issues (Akhuwat Foundation Annual Report, 2019).

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<sup>19</sup> Qardh al-hasan is an Islamic concept that involves interest-free loan made by a lender (as a gesture of benevolence and virtue) to a needy person, it is a kind of voluntary donation for a certain time period which at the end is returned in the face value of the loan. The problem with interest is not only religious it is also unethical to take interest from the very poor who borrows at 30 per cent interest, from microfinance institutions (like the Khushali bank and National Rural Support Program) to earn their bread, while the well-off get car financing at 10-12 percent interest to buy a luxurious car (Khan, 2016). Family enterprise loans create unity within a family avoids conflict (between husband and wife) and also duplication of loans (Harper, 2018)

### 3.5 Fieldwork

I set out in conducting my fieldwork to interact with interviewees in order to obtain a deep insight into their social experiences. I only gained access to this information by engaging them in dialogue in the form of interviews. An interview is viewed as a dialogue or ‘guided conversation’ (Yin, 2018: 118) between two individuals. Or an interview is ‘a site in which interviewers and interviewees co-construct data’ (Roulston et al, 2003: 650-651) through verbal interaction (Rapley, 2007; Deppermann, 2013). It is an appropriate tool that enables a researcher to better understand the perspectives and meanings that individuals attach to a phenomenon (Kvale, 2007). Interviews are useful when the purpose is to develop understanding about the concepts used by interviewee to establish their viewpoints regarding a certain subject matter when the logic of which is not well defined (Easterby-Smith *et al.*, 2015). For example, asking questions about the motivation to engage in philanthropic activities, the choice of a cause, the governance and management practices, confidential financial matters, innovative philanthropic models of social change, and even impact evaluations.

Initially primary data collection started by conducting a series of 10 interviews with stakeholders such as government officials, policy makers, regulators, practitioners and research scholars. Interviewing this group of participants was insightful because they were able to share rich knowledge and experiences about tax policies, regulations and the need for social welfare activities to address socioeconomic issues faced by the country. These organizations included the Economic Affairs Division (EAD) of the Pakistan government, the Securities and Exchange Commission of Pakistan (SECP). The PCP, the SDPI, the Federal Bureau of Revenue (FBR), Pakistan Microfinance Network (PMN), health & education professionals, and an International Turkish Cooperation Agency TIKA). This enabled the researcher to gather relevant information pertaining to the broader philanthropic landscape in the country, before proceeding to conduct interviews with individuals involved in philanthropically funded charitable organizations.

I selected semi-structured interviewing, what is also called intensive or in-depth interviewing, as the most appropriate method of conducting my interviews (Johnson & Rowland, 2012). It gave both the researcher the flexibility to ask open ended questions, or questions that are broad and ‘fluid rather than rigid’ (Yin, 2018: 118). Adopting this approach also kept the interviewees engaged as I let them share their personal views and dwell on social perspectives that they understood as useful for my study. The purpose was to elaborate on the topic of interest and relate stories (Rapley, 2007) in order to better understand the meanings behind their experiences. Collecting information is not the same as dipping a ‘sponge into data



that is already there’, but a process in which the interviewee and interviewer jointly focus on an issue and create stories (Myers & Newman 2007: 15)

One of the criticisms of this method of data collection is the introduction of biases as a result of personal background, political views and habitus of the researcher. These are assumed to be instrumental in making sense of the data collected (Bourdieu, 1984). In fact, the advantage of such a data is that biases that may arise from preconceived ideas are surfaced during fieldwork (Bourdieu, 1984) and falsified during analysis (Flyvbjerg, 2006; 2011). Another merit of the interview style adopted was that it was conducive to the adaption of a particular line of questioning, if the former line of questioning wasn’t yielding data of relevance to the study, as interviewees ‘are not simply a repository of ideas that can be tapped’ (Sims, 2008:116-7). To limit such bias and to get diverse perspectives about the phenomena under consideration, different groups of interviewees were included within an organization (Myer & Newman, 2007). Table 3.4 provides a list of interviewees, their roles in their respective organizations, and the dates on which interviews were conducted. The individuals interviewed were holding different positions, different functional areas of an organization, and were working in different geographical locations. The ‘triangulation of subjects’ (Rubin & Rubin, 2005: 67) was necessary to avoid elite bias (Miles & Huberman, 1994).

At each of the case study organizations I deliberately interviewed people working at three different levels within the formal hierarchy (Perry, 1998). The most senior executives gave policy rich interviews about organizational strategy and socioeconomic challenges in Pakistan. Middle ranking managers involved in implementing policies provided invaluable accounts of field level operations, winning tactics and methods. At the lowest level, the field operatives and volunteers closest to beneficiaries gave the best explanations of barriers to change and how these are being overcome at the grass roots level. Their field experiences and related stories of closely interacting with the beneficiaries were of considerable importance in knowing the role of foundations and how effectively the challenges of structural inequalities were addressed. This information in many ways was considered useful in answering the central question of my research. As far as the recipients or beneficiaries were concerned, they were or individual beneficiaries. In total, 40 interviews were conducted.

**Table 3.4: List of Interviewees**

Interviewee	Role	Interview date
<i>Interviews with experts and officials</i>		
Expert Interviewee A	Tax Consultant Pakistan Centre for Philanthropy	03/09/2018
Expert Interviewee B	Senior Researcher, Pakistan Centre for Philanthropy	03/09/2018
Expert Interviewee C	Registrar Nonprofits, SECP*	10/09/2018
Expert Interviewee D	Assistant Director Nonprofits, SECP	10/09/2018
Expert Interviewee E	Joint Executive Director, SDPI**	12/09/2018
Expert Interviewee F	Director General (DG), Population and Welfare Department	07/11/2018
Expert Interviewee G	Head Operations, Pakistan Microfinance Network	04/09/2018
Expert Interviewee H	Section Officer, Economic Affairs, Government of Pakistan	17/09/2018
Expert Interviewee I	Professor and Member Public Service Commission	08/11/2018
Expert Interviewee J	Programme Coordinator, Turkish Cooperation Agency	14/09/2018
<i>Interviews at Fauji Foundation</i>		
Fauji Interviewee A	Director of Education	21/09/2018
Fauji Interviewee B	Commandant & Chief Medical Superintendent	29/10/2018
Fauji Interviewee C	General Manager for Health	28/09/2018
Fauji Interviewee D	General Manager for Investments	24/09/2018
Fauji Interviewee E	Manager of Vocational Training	15/10/2018
Fauji Interviewee F	Manager of Technical Training	15/10/2018
<i>Interviews at Engro Foundation</i>		
Engro Interviewee A	Head, Engro Foundation	19/09/2018
Engro Interviewee B	Consultant, Agriculture Project	08/10/2018
Engro Interviewee C	Business Sustainability Associate	02/10/2018
Engro Interviewee D	Business Sustainability Associate	03/10/2018
Engro Interviewee E	On site Manager and Trainer of Women	08/10/2018
Engro Interviewee F	On site Spokesperson for Beneficiaries	08/10/2018
<i>Interviews at Shaikat Khanum Memorial Cancer Hospital</i>		
SKMCH Interviewee A	Senior Medical Director	31/10/2018
SKMCH Interviewee B	Head of Clinical Research	31/10/2018
SKMCH Interviewee C	Senior Clinical Researcher	22/10/2018
SKMCH Interviewee D	Marketing Manager	22/10/2018
SKMCH Interviewee E	Beneficiary and employee	22/10/2018
SKMCH Interviewee F	Beneficiary	26/10/2018
<i>Interviews at Al-Shifa Eye Trust</i>		
Al-Shifa Interviewee A	Executive Director	01/10/2018
Al-Shifa Interviewee B	Administrator	05/10/2018
Al-Shifa Interviewee C	Administrator for Community Programmes	10/10/2018
Al-Shifa Interviewee D	Resource Generation Manager	27/09/2018
Al-Shifa Interviewee E	Beneficiary	19/10/2018
Al-Shifa Interviewee F	Beneficiary	19/10/2018
<i>Interviews at Akhuwat</i>		
Akhuwat Interviewee A	Chief Credit Officer	23/10/2018
Akhuwat Interviewee B	Head of Training & Product Development	23/10/2018
Akhuwat Interviewee C	Head of Communications & Marketing	26/10/2018
Akhuwat Interviewee D	Manager of Cloth Bank	24/10/2018
Akhuwat Interviewee E	Volunteer	17/10/2018
Akhuwat Interviewee F	Spokesperson for Beneficiaries	24/10/2018

\*Securities and Exchange Commission of Pakistan (SECP). \*\* Sustainable Policy Development Institute (SDPI).

Among the five selected cases, three founders are alive and access to secondary data in the form of interviews was available on social media, such as YouTube. These interviewees include the founders of SKMCH, Akhuwat and Engro, and their interviews were conducted by ARY Pakistan Television and founder of the Amal Academy founded by the Centre for Social Innovation at Stanford University in the US and the Acumen and Montpellier foundations based in the UK. The interview recordings are a valuable source of information and without which

direct quotes from the high-profile founders would not have been available. The founders of the other two organizations (Al-Shifa Eye Care Trust and Fauji Foundations) are not alive and their mission is carried forward by their successors. On visiting Al-Shifa I found a book authored by the founder called *Al Shifa A Beacon of Light*, which contained detailed information about the establishment of Al-Shifa. Apart from that I also benefitted from the documentaries and recent social media awareness programmes led by the third President of Al-Shifa. I also had access to the bibliography of Muhammad Ayub Khan the founder of Fauji Foundation *Friends not Masters* containing rare information about the need and motivation for establishing the foundation. During the field visit to Akhuwat I was presented some published material including a book authored by the founder titled as *The journey of Akhuwat*, which informed the reader including myself about his arduous journey from a bureaucrat to a successful social entrepreneur and philanthropist.

My field work proved challenging in many ways, involving extensive travelling within the Pakistan to visit headquarters and field offices all over the country. In addition to conducting interviews, I gathered documents and made observations related to each case. I also kept a fieldwork diary which chronicled my observations and thoughts during the data collection phase. These documents helped me in preparing overviews of the selected cases and in developing well-informed interview questions specific to each case study. My semi-structured interview schedule is reproduced in Table 3.5 below. These questions are mapped to the research questions of the study and related to the principal themes of interest. I was conscious that questions must be clearly worded, but at times I was obliged to ask more descriptive questions that furthered the dialogue and helped the interviewee in describing the story in detail (Roulston, 2014).

Further, each of the organizations in my study has a well-developed website containing useful information such as mission statements, organizational histories, corporate profile, philanthropic activities, and governance arrangements. The sites shared the contact numbers and email addresses of their senior and middle level officials. They also shared some of their success stories, including awards and accreditations, partnerships, strategic plans and appeals for donations. Some reported facts and figures, maintained data repositories with download facilities for annual reports, impact assessments, performance reports, and occasionally interviews, conference proceedings, and journal articles.

**Table 3.5: Semi-structured interview questions**

Topic	Standard questions
Objectives	Can you tell me about the aims and history of your organization? What factors led to your engagement in socioeconomic development? Are there any guiding principles, individual values and beliefs?
Role and motivation	Can you describe what you do and what is your role here? What motivated you to work for (name of organization)? <i>(examples, details, stories)</i>
Governance and management	Can you walk me through the practices and processes of your organization? What are your governance and management practices and how differently do you do things from others?
Resources	Could you explain your main sources of income? How is the philanthropic income of your organization used in pursuit of your charitable purposes? <i>(examples, details, stories)</i>
Networking	What networks and contacts do you draw on in pursuing your goals? How do you ensure the continuity of philanthropic funding? Does the foundation attempt to get donors to pledge gifts or leave a legacy? <i>(examples, details, stories)</i>
Partners	Do you work with partner organizations in developing your organization? How do you choose the partners that you work with? <i>(examples, details, stories)</i>
Innovation	Would you describe your organization as innovative? How has it contributed to the socioeconomic development of Pakistan? <i>(examples, details, stories)</i>
Socioeconomic development	What do you perceive to be the main socioeconomic problems of Pakistan? How important are charitable organizations like your own in helping overcome them?
Transformational role of the organization	To what extent has the organization transformed or made a difference in your specific field and how? What more needs to be done? <i>(examples, details, stories)</i> .
Impact	Has the organization received any exceptional awards and what does that mean to you? How do you measure your success and impact on society? Can you give us some statistics or other information on the performance of the organization? <i>(examples, details, stories)</i>
Government policy	How would you describe the federal government's approach to socioeconomic development? What policy improvements might be made? Is the government a good friend to the voluntary sector?
Challenges	What are the main challenges you faced? To what degree have these been overcome and how? What major projects and programmes have you been involved in? <i>(examples, details, stories)</i>
Fundraising	How do you ensure the continuity of philanthropy? Does the foundation attempt to get other philanthropists pledge on philanthropy? How best do you attract the donors to donate?
Future	What, if any, are your plans for scaling up and expanding the reach of the organization?

### ***Interviewing***

Interviews are social interactions (Myer & Newman, 2007) and the rules of social science research based interactions are not the same as everyday conversation (Rapley, 2012). I was aware that interviewing senior corporate professionals and government officials is a challenging task. Sparing their valuable time for an interview may not be of great importance and interest to them (Alvesson & Deetz, 2000), or they might not be willing to pass on important information to someone who they are unfamiliar with, and who may be intruding

upon their social setting and may leak sensitive information to others, or misuse it (Irvine & Gaffikin, 2006). Following the organizational procedures and rules at the outset was important in developing trust with the interviewees. I used multiple gatekeepers to gain access. The main method of contact was via introductory phone calls to their personal secretaries and / or direct personal e-mails. The purpose was to briefly explain what I was doing and why it was of interest to better understand their story.

To signal my identity and prove the seriousness of purpose, a copy of a letter from my university supervisor was provided, explaining the objective of field work and the study to the potential participants. This was either emailed or delivered in person along with the consent form and debriefing sheet (Appendices A and B). In one case a copy of my full research proposal was demanded for review prior to signaling their consent for participating in the study. Others directly asked probing questions about the study to know if I was truly interested in their story. When assured of my good intentions and background references, initial mistrust turned into a more cooperative attitude and they started talking about their work and organization.

Besides obtaining their consent to participate in the study in one case the interview tended to require other preliminary formalities. These included introducing myself and my purpose of visit to the security guard at the main entrance, depositing my national identity card at the reception, going through a scanner machine, waiting in the personal secretary's office of the concerned interviewee before I was called in for the interview. The interviews were conducted at the interviewees' place of work, normally in their office or in a conference room (where short presentations were also made about the respective foundation, its programmes and achievements). The meeting place, location of interviewee's office, and the interview site all gave an impression of organizational status and power (Price, 2016). It should be remembered that the 'interview site embodies and constitutes multiple scales of special relation and meaning which construct the power and positionality of participants' (Elwood and Martin, 2000: 649).

The unequal power relation between the interviewer and the interviewee was obvious throughout the interview process and in the follow up questions when clarification or additional information was required. I was aware of the issue of power and domination which could have led to some intentional or unintentional interviewee behavior. This difficulty may have arisen from the asymmetric power relations (Kvale 2006; Vähäsantanen & Saarinen, 2013). The interviewees have the power to talk about what they are interested in or hold back information they did not want to talk about (Kvale, 2006) for some personal or strategic reason and they

also had the power to ‘close off’ (Keating, 1993) or control the agenda. The difference in status and power positions between the interviewer and interviewees was also of strategic importance and has attracted interest of researchers in the organizational field (Buchanan & Bryman, 2009; Denzin & Lincoln, 2005). This possibility of interviewee’s dominance could not be ignored as often they possess good communication skills (Fitz & Halpin, 1995) and the researcher may be overpowered by what is termed as ‘hostage syndrome,’ (Welch, et al, 2002) and therefore unable to obtain “real perspectives”; ‘Although the interview may not contain an explicit struggle for power, there might be an implicit ‘negotiation of meaning’ at work because the interviewer and the interviewee are challenged by each other’s assumptions and discourse of learning’ (Price, 2016: 91).

Cognizant of the issue of power inequality, I attempted to minimize its effects by strictly following the interview protocol and asking questions that were either directly or indirectly addressing the research question(s). I also encouraged the interviewee to speak at their own pace. To keep the interviewee on track, I positioned myself as an active listener and adopted a cooperative style of interaction, as the objective was to let the interviewee speak freely to make sense of what was said (Johnson & Rowland, 2012). During the conversation even a quiet moment or a pause gave the interviewee time to recall some interesting past events or experiences which prolonged the interview. Besides verbal expressions, I also expressed interest in the dialogue through face expressions and eye contact. Whenever necessary the interviewee was asked to make clarifications, personal judgments or comments were avoided so that the interviewee didn’t hesitate to disclose information as the objective was not self-disclosure (Rapley, 2007; Deppermann, 2013).

At the end of the interviews I mentioned about providing feedback to the interviewees and asked if I could call again to check some facts if required and who else I might be able to interview as a snowballing technique (Myer & Newman, 2007). At Engro, I showed interest in an onsite visit to a scalable and sustainable seed procurement project which seeks to help small rice farmers. Visiting the base of this project was particularly insightful. At Fauji, I secured a second site visit to a poor urban area where the foundation was running healthcare and education programmes. Both the Engro Foundation and Fauji Foundation are actively involved in welfare activities independently or in partnership with NGOs and independent grant making foundations. To visit these sites, I was again required to conform to organizational protocols by submitting written requests to the head office for approval at several levels. Often follow up requests were required before permission was granted. Once granted approval, I was referred to the relevant department which then facilitated my visit.

One consultant and a middle level manager of the Engro Foundation accompanied me on a site visit. They showed interest and enthusiasm in my project and arranged transport and refreshments for the tour. The field briefing and the visit offered an opportunity to interact with beneficiaries of the project and understand from their perspective the benefits of becoming involved with Engro. As identified in chapter 2, productivity has been a long-standing issue in Pakistan. Almost 90 per cent of farms are of small size and the small farmers are unable to adopt modern methods of farming and cultivation. The poor quality, uncertified seeds, is just one of the reasons that farm yield is low and the small farmers are trapped up in a vicious circle of poverty.

A manager at the Fauji Foundation was likewise detailed to accompany me to its vocational and technical training centers. Like the staff at the Engro Foundation, they also took a great deal of interest and pride in sharing details about their projects. As previously discussed, Pakistan performs poorly in terms of literacy and human resource development, which are prerequisites for socioeconomic development in a globalized world. The technical training programs vary in duration and target students belonging to low income families who are unable to continue their studies after secondary school education. Successful students can become self-employed or work on sites in the Gulf countries to earn a better livelihood.

The interviews I conducted were mostly conducted on a one to one basis, except during the onsite visits when I met beneficiaries in groups. Two interviews with senior managers at SKMCH were conducted through Zoom meetings, while three interviews of Engro Foundation and two interviews at the Akhuwat Foundation (a volunteer and Director Communication and Marketing) were conducted by Skype. The interviews I conducted with more senior personnel lasted a little less time, normally around an hour. Some other interviews lasted for up to two and a half hours and yielded transcripts of between 4,000 and 9,000 words. Each of the field visits involved one full day of activity. In some cases, follow up Skype interviews, or phone calls and e-mails were necessary to secure additional information. Most interviews were conducted in English, except for two beneficiaries, whose short interviews were recorded in their native language, Punjabi or Urdu, and later professionally translated into English.

### **3.6 Method of data analysis and interpretation**

‘A good qualitative research, makes use of ‘multiple data sources (archives, field observation, media documentation, etc.), but the heart of these studies is the semi-structured interview—to obtain both retrospective and real-time accounts by those people experiencing the phenomenon’ (Gioia et al, 2012: 19). However, as shown in Table 3.6 I had available four

qualitative datasets, each analyzed and of value in different ways. While the fifth data source included the reports and other forms of documentation provided by case organizations or downloaded from websites were not formally coded, but simply read in detail and summary notes made on strategies, policies and governance. Telling statistical data were also extracted relating to activities and impact.

**Table 3.6: Qualitative datasets**

No.	Data type	Dataset	Method of Analysis
1	Expert opinions	10 interviews with experts in philanthropy and/or socioeconomic development	Thematic coding, content analysis and application of the Gioia methodology
2	5 Field visits	30 semi-structured interviews with case study personnel (senior managers, middle managers, field workers/beneficiaries) of 5 philanthropic foundations. Field notes and observations.	
3	3 in-depth semi-structured video interviews	1. ARY Pakistan Television 2020 2. Amal Academy, Stanford, USA, 2017 3. Amal Academy, Stanford, USA, 2018	
4	3 Autobiographies	1. 'Friends not Masters'—Muhammad Ayub Khan, 1967 2. 'The Beacon of Light'... Jahandad Khan, 2008 3. 'The journey of Akhuwat'—Amjad Saqib, 2018	Sense making and sense checking.
5	Website downloads	Website downloads and other textual materials for 5 case organizations Fieldwork notes and observations	Analysis of strategies, policies and governance. Extraction and analysis of activity, impact and other statistical data.

So I conducted three exercises in thematic coding, the first for my 10 expert interviews for chapter 4, the second for my 3 three in-depth video interviews and autobiographies for chapter 5 and, the third for my 30 semi-structured case study interviews in chapter 6 and 7. Semi-structured interviews with actors in carefully delineated fields led themselves naturally to, systematic thematic analysis and inductive theorization (Gioia, et al., 2012). Each exercise began by open coding the data in the manner recommended by Corbin & Strauss (2015).

The next stage was to transcribe the interview data collected during my fieldwork, and the 3 video interview recordings. The interview recordings were transcribed verbatim soon after the interviews were conducted. Replaying of recordings also provided valuable feedback to reflect on my own performance during the interview and therefore, improved my interviewing



technique in subsequent interviews (Reissner, 2017; Mann, 2016). The transcripts were then reviewed in order to obtain a preliminary understanding of the discussion that took place and to confirm that the transcribed documents matched the spoken words by replaying the recordings so that data analysis is ‘valid and meaningful’ (Johnson & Rowland, 2012: 106). I then read carefully all the other sources of data gathered and, found careful preliminary reviewing essential in getting to know my data and to identify potential themes prior to coding and analysis. Finally, I read and re-read my field notes as, a means of linking what I had seen with my case study data and the quantitative data gathered from various sources, as enumerated above. These encounters in the field with the ultimate beneficiaries of philanthropy gave me insights into the problems and possibilities for socioeconomic development in Pakistan unachievable by any other means.

The following two subsections relate to data analysis and interpretation.

### ***Thematic analysis of interview data***

The data analysis in this research study was a continuous process it is best to start analyzing qualitative data from the start of interview data collection, as it allows sense making of data in terms of themes and patterns across and within cases (Gioia et al., 2012; Eisenhardt, 1989). While analyzing data, the concern is how to enhance the rigor of the study, an iterative and systematic approach towards data analysis and interpretation is followed, as proposed by (Gioia, et al., 2012). Grounded theory is a research method used to understand the process of social relationships and behaviors (Suddaby, 2006). It is a method that gives meaning to the identified patterns within and across cases included in the study (Taylor & Sondergaard, 2017). The study adheres to the contemporary grounded theory approach (Gioia et al., 2012).

One of the most important steps in qualitative research is the coding of interviews. According to Miles & Huberman (1994), displaying condensed data in a systematic way is invaluable in generating research insights. Coding enables the researcher to ignore non-relevant information by focusing on strongly emergent themes, which, although present in the data, the exercise of coding helps bring into sharper relief. According to Braun and Clarke (2013), the three essential purposes of coding are to search for patterns, discover interactions and interpret narratives. The most common approach is to focus on patterns or themes in the data. This research uses thematic coding and analysis, as suggested by Gioia et al., (2012) and Saldana (2015). According to Saldana, coding in qualitative research means assigning a term that symbolically refers to a distinctive, intrinsic, prominent, attractive characteristic. Coding is the critical link between data collection and the explanation of meaning (Saldana, 2015).

Nvivo 12 was used as a data management tool to classify direct quotations from interviews. Labels were assigned to summarize content into topics. Codes were grouped according to their importance in relation of the interview questions. On the first pass, numerous codes and categories emerged. These were then distilled down progressively into a smaller number of thematic categories linked to my research questions, giving an overview of the data at a more abstract level and identifying links between categories. These first two steps involve sorting and categorizing the data to facilitate synthesis. I then asked if the emerging themes suggested concepts that might help in describing and explaining various aspects of philanthropy and its impact on socioeconomic development. Following the Gioia methodology (2012), I further distilled the set of emergent themes and concepts into ‘aggregate dimensions’ (Gioia, 2012). Having arranged, organized, and grouped the full set of first-order terms and second-order themes and aggregate dimensions, I now had a strong set of well-organized findings amenable to interpretation and theoretical reflection.

### ***Interpretation***

Interpreting data is not a mechanical process. Interpretation involves assessment of research questions in relation to research findings and existing literature (Eisenhardt, 2007). Nothing should be taken as self-evident or immune from challenge. The Gioia methodology (2012) is beneficial to interpretation because the logic of its procedures provokes reflexivity (Bourdieu and Wacquant, 1992). In the 1st order analysis, the focus is on identifying the different categories of terms that emerge from the data, while in the second order analysis different categories of terms are assembled into a more structured form to develop themes, concepts and dimensions inductively. To reduce the categories of terms which were identified, similar terms were grouped into a category and labeled to produce the different emerging categories of themes. Themes are linked to the why, how and what questions of the study. The objective is to observe patterns, similarities and differences within and across each case as well as relationships within and across themes. In other words, taking a systematic comparison between transcripts enabled me to make sense of emergent themes.

Moving from thematic analysis to interpretation is accomplished by considering a raft of logically plausible answers to research questions and considering the weight and quality of evidence in favour of each. In this way, the answers ultimately given to individual research questions are those that best match a body of evidence to a related argument or explanation. This is how I proceeded in seeking answers to the individual research questions posed in

chapters four to seven before attempting to answer the principal research question posed in chapter one in the concluding chapter of this thesis (Silverman, 2015).

### **3.7 Research ethics and quality assurance**

#### ***Research ethics***

Prior to embarking on data collection, ethical approval was granted by the Faculty of Humanities, Arts and Social Sciences at Newcastle University. The research study involved gathering information from individuals who were directly and indirectly involved in front-line charitable organizations and philanthropic foundations in Pakistan. There was no other way to explore the practices and experiences of a social phenomenon in which they were engaged. Collecting information from them mattered as the words spoken were their expressions and experiences about the phenomenon. The researcher was aware that not only building interviewees' trust was important, but also the moral and ethical considerations of the study also could not be ignored (Irvine, 2003; Newman, 2011). In designing and conducting the study, I took account of the possible concerns of interviewees and the organizations employing them, including the ethical use of the information provided (Bryman & Bell, 2018). This placed an ethical obligation on the interviewer to protect the rights of interviewees (Kvale, 1996; Fontana & Frey, 1994). At the start of the interviews, participants information and consent forms were shared with the interviewees and signed. Interviewees were given the opportunity to check the transcribed data and provide their feedback if necessary. In two cases, the interviewer signed undertakings protecting the confidentiality of the data provided, one for ten years. Confidentiality has since been maintained by uploading and storing all interview transcripts on secure servers at Newcastle University. The anonymity of individuals interviewed was a key concern. Interviewees were assured of anonymity to protect them employer or public scrutiny and to allow them to express themselves more freely. In one case, for example, financial information had to be obtained from the finance department by making personal request for approval by senior management.

#### ***Quality assurance***

Three means of ensuring the quality and robustness of my findings have been pursued. First, the study followed triangulation protocols to avoid bias and establish a link between the research findings and data collected (Rubin & Rubin, 2005; Myer & Newman, 2007). Triangulation of subjects enabled the researcher to understand the differing perspectives of interviewees and create knowledge about the phenomenon of philanthropy and its impact on

socio-economic development (Myer & Newman, 2007: 17). Interview data collected from interviewees at different levels within case study organizations and together with the data from expert interviews, I was able to collect a great deal of specific information about the broader philanthropic landscaper in Pakistan. The selection of multiple cases enabled triangulation of both quantitative [both financial and statistical] and the qualitative data. The objective of triangulation is to develop the credibility and robustness of the findings. However, this in no way assumes that there is one view of reality that can be known purely through triangulation of data alone (Parry, 2003 as cited in Taylor & Sondergaard, 2017: 117). Second, great care was taken to ensure biases were minimized both in the data collection phase and during the subsequent analysis. This issue was addressed by maintaining consistent interview protocols whilst collecting the data. The quality of the conclusions made was enhanced by adopting the rules of scientific research and inference (Winch, 1958). Finally, I am cautious about the transferability of research findings, whether the findings could be repeated ‘in some other context or some other time in the same context is an empirical issue’ (Lincoln & Guba, 1985: 316). Hence the emphasis given throughout on the role of philanthropy in the socioeconomic development of *Pakistan*, which plainly differs in many respects from other developing nations.

### **3.8 Conclusion**

This chapter has described the research methodology employed in this study. It has sought to outline some of the methodological concerns which were encountered and to highlight the sources of primary data which have been collected in pursuit of the research questions laid out in chapter one. The important contribution this chapter makes to the thesis is in illustrating the crucial link between the methods employed and the data generated. The choice of ontological and epistemological assumptions has been clarified. My study is broadly interpretivists in nature and therefore assumes that realities are subjective and created by the individuals involved in the practice of philanthropy. Rigorous selection criteria were applied to select the cases, and this helps in ensuring the reliability of the findings. I have studied my subject in detail and analysed my four datasets inductively to provide new insights into the hitherto unexplored role of philanthropy in the socioeconomic development of Pakistan. This chapter forms the methodological basis for the four empirical chapters that follow, each structured around an individual research question.

## **Chapter 4 - Perspectives on Philanthropy and Socioeconomic Development**

### **4.1 Introduction**

This chapter seeks to answer the question *how important is philanthropy as an instrument of socioeconomic development in Pakistan?* What is apparent when endeavoring to assess the impact of philanthropy is that its role in the socioeconomic development of Pakistan cannot be examined apart from the roles played by other actors, including those of governments, international agencies, and of the private companies. A common myth, exploded in what follows, is that Pakistan is *dependent* for its survival on handouts from overseas. It is true that Pakistan is a longstanding beneficiary of foreign aid to support developmental projects and programmes, and that more recently large philanthropic foundations based in the US, notably the Bill and Melinda Gates Foundation, have been active in the country. However, as valuable as this support is to the government and third sector partners in Pakistan, overseas development assistance (ODA) and overseas private philanthropy (OPP) have not been the crucial factor in promoting socioeconomic development in the country. The argument made in this thesis is that governments, private enterprises, indigenously funded philanthropic foundations and front-line charitable organizations have played a more decisive role in the past and will likely continue to do so in the future.

This argument is founded on an assessment of the quantitative and qualitative evidence presented in this chapter. My purpose is to view philanthropic and charitable endeavors from a range of perspectives to consider potential impacts with respect to scale, scope and obstacles to socioeconomic change in Pakistan. The data analyzed and presented have been drawn from several dependable sources. The statistical databases of the OECD are an invaluable source of data on foreign aid and private philanthropy by large foundations committed to socioeconomic development in developing countries. The data enable comparison between donor and recipient countries over time and between different types of foreign aid, most importantly between ODA and OPP. Other two invaluable sources are the surveys conducted by the PCP, and the 10 additional interviews conducted with experts which enable a close analysis of what is going on in the ground in Pakistan with respect to a few aspects of philanthropic causes and choices adopted in general and the regulatory environment for the front line charitable organizations like the five case organizations considered in detail chapters 5, 6 and 7 of this thesis.

The chapter is structured as follows. In the next section, I evaluate the role and magnitude of overseas assistance in the socioeconomic development of Pakistan. Next, the contemporary philanthropic landscape in Pakistan is surveyed to identify key actors within the

field. In the following section, I assess the relative importance of different funding sources to beneficiaries. Following that, I analyze thematically the qualitative data collected from 10 additional interviews about the philanthropic causes, and choices made by registered charitable organizations and the prevailing regulatory environment in the country. The main findings of the chapter are briefly summarized in conclusion.

#### **4.2 Overseas assistance and socioeconomic development in Pakistan**

Pakistan, like other developing countries, exists in a globalized world with numerous interdependencies and complex power relations underpinned by differentials in economic and political power. Its government has a high degree of freedom to act within its national boundaries and is therefore primarily responsible for socioeconomic development and welfare of the population. But in a globalized world, in which events in one jurisdiction inevitably impact on people in other national jurisdictions, actors are interdependent and must take account of others when taking strategically important decisions. This means that in the collective interest of all nations, the economically strong cannot simply ignore or dominate the economically weak. The logic of globalization dictates that problems of socioeconomic development must to some extent be shared (Sen, 1999). There is a collective responsibility to find solutions to pressing problems and the resources needed to implement them as the coronavirus (COVID 19) pandemic of 2020 so vividly illustrates (Sen,2020). Beyond humanitarian concerns for poor, suffering and disadvantaged people, it is widely if not universally accepted that economically strong nations with abundant resources and sophisticated social systems have a duty, in the collective interest of all nations, to extend financial and technical assistance to less fortunate others (Carothers & de Gramont, 2013).

Acceptance of this principle by many economically advanced countries has led since the conclusion of the Second World War to the evolution of a dual system of support for developing countries. On the one hand, there are bilateral arrangements between one country and another through which financial assistance flows from more economically advanced to less economically advanced countries. The main bilateral donor countries, of which there are currently 29, are members of what is known as the Development Assistance Committee (DAC). These are collectively known as the DAC countries. On the other hand, richer countries may pool their efforts at rendering aid by making voluntary payments to multilateral global agencies such as the United Nations, the World Health Organization and the IMF. Either way, money flows to support projects and programmes in developing countries mainly to improve healthcare, educational, social and economic systems, lifting people out of poverty and

increasing the capabilities of individuals, organizations and governments (Kosack, 2003). In this way, economic growth might be accelerated, technologies transferred, and beneficial social change promoted to progressively narrow the gap between richer and poorer countries.

The part of national income governments in advanced countries dedicate through taxation to helping less developed countries is decided by politicians on behalf of the people. The amount of money voluntarily donated is in absolute terms very high, as can be seen in Table 4.1. This table includes money flowing both bilaterally and multilaterally through international agencies in support of projects and programmes in developing countries. In the decade 2009-18, 1.467 trillion US dollars measured in constant terms, were voluntarily transferred from rich to poor countries, of which 1.87 per cent, or US\$27.5 billion, an average of US\$2.75 billion a year, was disbursed in support of socioeconomic development projects and programmes in Pakistan.

**Table 4.1: Overseas development assistance (ODA) to developing countries by all official donors in constant prices, 2009-18**

<b>Beneficiaries</b>	<b>Spend</b>	<b>Total for Decade (millions of US dollars)</b>	<b>% Decadal Total</b>
<b>Disbursed in all developing countries</b>		1,466,954.40	100.00
<b>Disbursed in Asia</b>		418,158.15	28.51
<b>Disbursed in Pakistan</b>		27,466.72	1.87

Source: OECD statistics database online: [https://stats.oecd.org/Index.aspx?DataSetCode=DV\\_DCD\\_PPF](https://stats.oecd.org/Index.aspx?DataSetCode=DV_DCD_PPF). Accessed 28 April 2020.

However, while the absolute figures convey an impression of generosity on the part of developed countries, three important qualifications must be added that together convey a different impression. Firstly, the scale of giving is small relative to the resources available to donors, with some donor countries far more generous than others. Sweden, which expended 1.36 per cent of gross national income (GNI) on overseas aid in 2018 is the most generous DAC country; the least generous are the Czech and Slovak Republics which expend just 0.1 per cent of GNI of ODA. The US is the largest donor in absolute terms, US\$31.08 billion in 2018, but that amounts to only 0.15 per cent of GNI. The UK is the second largest donor in absolute terms and ranks much higher ranking in relative terms, expending US\$18.7 billion and 0.67 per cent of GNI (OECD, 2020).

Second, ODA is spread thinly relative to need in developing countries. In Pakistan, for example, with an average population of 200 million between 2009 and 2018 and average annual ODA receipts of US\$2.747 billion, foreign aid equaled just US\$13.74 per head of population,

insufficient to make a material difference to socioeconomic development. Indeed, in 2018, ODA to Pakistan was equivalent to just 0.41 per cent of the country’s GNI.

Thirdly, ODA is not always distributed in accord with the Overseas Development Institute (ODI) principle of targeting ‘aid to countries that need it most’ (ODI, 2020). In other words, some countries might give aid to secure political or economic advantage rather than giving altruistically based on need. In this aspect, the ODI principled giving index suggests that while countries like the UK, Sweden and Canada are highly principled, others, like the countries of southern and eastern Europe, are far less so.

### *Overseas development assistance in Pakistan*

As in other developing countries, Pakistan benefits from both bilateral and multilateral ODA<sup>20</sup>. The absolute amounts and main sources of ODA are reported in Table 4.2.

**Table 4.2: Trends and providers of overseas development assistance (ODA) to Pakistan in constant prices, 2009-18\***

<b>Assistance Year</b>	<b>ODA (US \$ millions)</b>	<b>% from USA</b>	<b>% from UK</b>	<b>% from Multilaterals</b>	<b>% from Others</b>
<b>2009</b>	2,595.47	27.45	8.34	37.76	26.45
<b>2010</b>	2,980.34	46.28	9.93	10.30	33.49
<b>2011</b>	3,519.71	40.35	8.82	21.37	29.46
<b>2012</b>	1,943.06	35.31	14.38	15.06	35.25
<b>2013</b>	2,133.37	31.02	22.97	11.72	34.29
<b>2014</b>	3,455.27	21.46	10.97	47.51	20.06
<b>2015</b>	3,905.09	20.15	13.54	52.39	13.92
<b>2016</b>	3,101.88	20.37	20.66	40.72	18.25
<b>2017</b>	2,465.58	20.45	22.19	40.38	16.98
<b>2018</b>	1,366.95	33.97	32.30	21.17	12.56
<b>Decade 2009-18</b>	<b>27,466.72</b>	<b>29.08</b>	<b>15.04</b>	<b>32.10</b>	<b>23.78</b>

Source: OECD statistics database online: [https://stats.oecd.org/Index.aspx?DataSetCode=DV\\_DCD\\_PPFD](https://stats.oecd.org/Index.aspx?DataSetCode=DV_DCD_PPFD). Accessed 28 April 2020

The first point of note is that ODA fluctuates markedly year-on-year, rising or falling depending on activity levels within projects and programmes supported by donor countries and multinational agencies. It is far from being a predictable and dependable supplement to domestically generated resources. By 2018, ODA had fallen to a low point, mainly due to

<sup>20</sup> Donors’ assistance made for various reasons through bilateral or multilateral ODA arrangements include ADB, DFID/UKAID, EU, USAID, and World Bank. Apart from that humanitarian support is also made by donor countries for disaster relief. Added to these sources are funds from private foundations such as the ( Bill and Melinda Gates Foundation, British Asian Trust, Packard Foundation, Dubai Care, Qatar Foundation), the international organizations such as the ( Oxfam GB, Concern Worldwide, Islamic Relief, Water Aid ), and also the UN organizations (Fariduddin, 2019).



declining support from multilateral agencies. A second point is that Pakistan is heavily reliant for ODA on bilateral support from the US and the UK. In recent years, the trend has been for the US to decrease its level of support. The UK, meanwhile, has increased its support, reflecting historic ties between the two countries and the high level of awareness in the UK of socioeconomic problems in Pakistan. Multilateral support peaked between 2015 and 2017 but latterly has fallen away.

### ***Overseas private philanthropy in Pakistan***

Rising levels of inequality in many parts of the world have given rise to the creation of a new global class of super-rich individuals, most often entrepreneurs and their families who have benefited disproportionately from globalization (Harvey et al., 2020). A minority of actors within this new class have turned to philanthropy as a means of deploying vast accumulations of economic capital to good purpose. The most notable example is the Bill and Melinda Gates Foundation funded by tens of billion-dollar gifts from Microsoft's Bill Gates and Berkshire Hathaway's Warren Buffet (McGoey, 2015). Entrepreneurs like Gates have morphed into entrepreneurial philanthropists, or philanthrocapitalists, dedicated to changing the world for the better by funding socioeconomically transformative projects on a global scale (Bishop & Green, 2009; Callahan, 2017). Favored fields for such philanthropic investments are health and education. The Gates Foundation, for example, in partnership with the World Health Organization, has funded research for new vaccine discovery and mass vaccination programmes in developing countries across the world. Its *theory of change* is that mass vaccination produces healthy people who have the capability to make a stronger contribution to economy and society. Good health is therefore pivotal to socioeconomic development. A similar case is made for investment in education in developing countries. Some critics take a skeptical view of the grand claims made by entrepreneurial philanthropists, describing their rhetoric as 'the elite charade of changing the world' (Giridharandas, 2019). The elite agenda, the critics charge, is simply to further extend the neo-liberal economic project to which they owe their vast and seemingly ever-increasing fortunes. Philanthropy, it is proposed, is little more than a justification for rising levels of inequality within and between nations. Other authors are more generous, seeing in elite philanthropy a genuine effort to redistribute resources and improve the lot of the world's poorest people (Acs, 2013).

The statistical evidence presented in Tables 4.3 and 4.4 supports the argument made by the critics of elite philanthropy. Table 4.3 reveals that while the absolute amount of money

spent by mega-foundations on socioeconomic development projects in developing countries is large, their spending relative to the accumulated wealth of the global super-rich is small.

**Table 4.3: Private philanthropy for development in constant prices, 2009-18**

Spend Beneficiaries	Total for Decade (millions of US dollars)	% Decadal Total
<i>All foundations using common reporting standard (CRS)</i>		
<b>Disbursed in all developing countries</b>	39,706.01	100.00
<b>Disbursed in Asia</b>	5,433.41	13.69
<b>Disbursed in Pakistan</b>	642.48	1.62
<i>Bill and Melinda Gates Foundation</i>		
<b>Disbursed in all developing countries</b>	28,228.99	100.00
<b>Disbursed in Asia</b>	4,600.00	16.30
<b>Disbursed in Pakistan</b>	637.80	2.26

Source: OECD statistics database online:

[https://stats.oecd.org/Index.aspx?DataSetCode=DV\\_DCD\\_PPF](https://stats.oecd.org/Index.aspx?DataSetCode=DV_DCD_PPF). Accessed 28 April 2020.

**Table 4.4: Overseas development assistance by all official donors (ODA) and private philanthropy (OPP) to Pakistan in constant prices, 2009-18**

Year	Assistance (US \$ millions)	ODA (US \$ millions)	OPP (US \$ millions)	Total (US \$ millions)	OPP as % of Total
<b>2009</b>		2,595.47	32.34	2,629.81	1.23
<b>2010</b>		2,980.34	18.16	2,998.50	0.61
<b>2011</b>		3,519.71	91.12	3,610.83	2.52
<b>2012</b>		1,943.06	32.84	1,974.90	1.67
<b>2013</b>		2,133.37	25.24	2,158.94	1.17
<b>2014</b>		3,455.27	46.91	3,502.18	1.34
<b>2015</b>		3,905.09	54.54	3,959.63	1.38
<b>2016</b>		3,101.88	75.63	3,264.63	2.32
<b>2017</b>		2,465.58	135.56	2,601.14	5.21
<b>2018</b>		1,366.95	130.14	1,497.09	8.69
<b>Decade 2009-18</b>		<b>27,466.72</b>	<b>642.48</b>	<b>28,109.20</b>	<b>2.29</b>

Source: OECD statistics database online:

[https://stats.oecd.org/Index.aspx?DataSetCode=DV\\_DCD\\_PPF](https://stats.oecd.org/Index.aspx?DataSetCode=DV_DCD_PPF). Accessed 28 April 2020

This is shown by the fact that Pakistan received just US\$642 million in OPP in the decade 2009-18, just US\$64 million a year. What is more, the greater part of disbursements in developing countries stem from one foundation, the Bill and Melinda Gates Foundation, which stands out as exceptional in its endeavors to address global problems. Gates has been joined in recent years by a few other mega-foundations now operating at scale in developing countries, mainly in Africa.

The total contribution made by OPP to date, moreover, is very small in comparison to ODA. This is demonstrated in Table 4.4. In Pakistan, in the decade 2009-18, OPP amounted to 2.3 per cent of ODA and OPP combined. This said, both the absolute amounts of OPP disbursed and the contribution made by OPP relative to ODA have risen sharply in recent years. A large majority of these funds stem directly or indirectly from the Gates Foundation.

### ***The Gates Foundation in Pakistan***

Given the power and influence exercised globally by the Gates Foundation, it is worth looking in more detail at its contribution to socioeconomic development in Pakistan. This is possible because the foundation provides open access to its database of grants awarded through its website, which proclaims that ‘all lives have equal value’ and that its trustees ‘are impatient optimists working to reduce inequity’ (Gates Foundation, 2020). Entering the search term ‘Pakistan’, returns a total of 243 grants. However, many of these cover multiple countries and individual country shares cannot be identified. I therefore decided to extract data relating to grants intended exclusively to benefit Pakistan and to limit my search to the decade 2010-19. These limitations led to the identification of 79 grants in total, distributed by sector as shown in Table 4.5.

**Table 4.5: Distribution by sector of Gates grants exclusively to Pakistan (US million \$)**

Cause Year	Health			Family Planning	Economy	Emergency Relief	Total
	Polio	Enteritis	Other				
2010	0.000	0.000	0.000	0.000	17.449	1.300	<b>18.749</b>
2011	0.432	1.906	0.000	0.000	6.500	1.924	<b>10.761</b>
2012	5.262	2.035	0.000	0.000	0.000	0.500	<b>7.797</b>
2013	0.000	0.000	1.000	4.699	59.925	0.000	<b>65.624</b>
2014	43.102	0.000	4.899	0.000	51.500	0.500	<b>186.912</b>
2015	16.603	13.182	0.656	0.000	4.413	0.600	<b>35.454</b>
2016	109.355	27.019	0.759	4.000	34.283	0.000	<b>175.415</b>
2017	89.814	6.021	2.010	20.175	0.000	0.000	<b>118.050</b>
2018	94.574	0.171	0.300	0.000	0.000	0.000	<b>95.045</b>
2019	4.150	0.000	3.159	0.100	50.000	0.000	<b>57.409</b>
<b>2010-19</b>	<b>450.204</b>	<b>50.332</b>	<b>12.812</b>	<b>28.974</b>	<b>224.070</b>	<b>4.824</b>	<b>771.216</b>

**Source:** Gates Foundation grants database. Available at <https://www.gatesfoundation.org/Search>. Accessed 1<sup>st</sup> May 2020.

Three points stand out from this cross tabulation. The first is that Pakistan is one of the last two countries on earth where wild poliovirus is still rife. Pakistan’s neighbor Afghanistan is the other. Of the three strains poliovirus, two have been declared extinct by the WHO. In

2011, Bill Gates announced funding for a renewed campaign to eliminate polio in Pakistan, which he declared ‘essential to eradicating polio globally’ (Gates Foundation, 2011). In other words, so long as wild poliovirus continues to circulate in Pakistan, there is a risk it might spread again to other parts of the world. Gates pledged US\$85 million, which in the event proved insufficient, and despite spending a total of more than US\$450 million in Pakistan by the end of 2019, the objective has still not been achieved. The virus continues to claim hundreds of new victims a year even though the WHO has run systematic vaccination campaigns to ensure that most Pakistani infants are vaccinated. The continuing problem that frustrates the best efforts of the authorities is lack of access to Taliban controlled parts of the tribal districts of North West Pakistan, allowing the virus to remain unchecked. The second point is that Gates Foundation has come over the past decade to devote more resources to helping solve socioeconomic problems in Pakistan. The motivation may be to protect populations elsewhere, but nonetheless this development has been welcomed in the country. Family planning and health other health conditions have attracted support. The third point is that increasing access to microfinance and other financial services has attracted most financial support after polio. This is consistent with the observation made by Harvey et al. (2020) that Gates and other entrepreneurial philanthropists use substantial parts of their philanthropic resources in extending the reach of the market to all parts of the world.

There is a final revelation emerging from my interrogation of the Gates Foundation grants database data. This is captured in Table 4.6, which shows that most funds allocated by the Foundation to Pakistan are channeled through organizations based outside the country<sup>21</sup>. The largest grants, in support of programmes in healthcare and rural finance, are administered outside the country or by the country offices of international organizations. In 2011, for example, the foundation entered a strategic partnership with the Japan International Cooperation Agency (JICA) to fund a polio vaccination programme in northwest Pakistan along the border with Afghanistan. Likewise, the United States Fund for UNICEF has served

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<sup>21</sup> Most private philanthropy is delivered through intermediaries and very little philanthropic donations were channeled through government agencies (OECD, 2018). Donors also worked with the local or the international nongovernmental organizations ( for profit and nonprofit ). As a result these organizations grew fast but they had limited outreach capacity and were not scalable, they also became inefficient and wasteful. Consequently, government regulations became stringent and donors shifted to government and public-private partnership became important for access to donor funds ((Fariduddin, 2019). Donors like USAID, UKAID, and World Bank, have also started engaging for profit business development contractors (like Chemonics International, Louis Berger Group, BearingPoint, Associates, Development Alternative Inc., and Deloitte Consulting, Management System Inc), these are cost-effective, transparent, efficient in project completion and also comply with regulations (Fariduddin, 2019).

as an intermediary for other Gates funded health programmes. In increasing provision of financial services for the rural poor, the foundation's chosen partner is the Islamic Development Bank (IDB) of Saudi Arabia, whose 'main objective ... is to foster economic development and social progress of member countries and Muslim communities in non-member countries in accordance with the principles of the *Shari'ah* (Islamic law)' (IDB, 2016). In working with strategic partners like JICA, IDB, UNICEF and the WHO, the Gates foundation can leverage additional resources into programmes and gains access to a wealth of on the ground expertise. It also avoids having to deal directly with the Pakistani government or government agencies. The Gates foundation is prudent when making large grants in support of big objectives and prefers to work with intermediaries with proven expertise that it trusts and believes to be ethically sound and free from corruption.

**Table 4.6: Administrative Headquarters of Gates Foundation Grantees**

<b>Grantee</b>	<b>No. of Grants</b>	<b>Mean Value (US \$ million)</b>	<b>Total Value (US \$ million)</b>
<i>Grantees based in Pakistan</i>			
WHO Pakistan Country Office, Islamabad	4	47,596,600	190,386,400
Aga Khan University, Karachi	18	3,274,754	58,945,574
Karandaaz Pakistan, Islamabad	1	51,500,000	51,500,000
Other grantees	14	1,295,541	20,728,663
<i>Grantees based outside Pakistan</i>			
United States Fund for UNICEF	5	28,875,407	144,377,033
Islamic Development Bank, Saudi Arabia	3	48,037,091	144,108,274
Government of Japan	1	79,430,742	79,430,742
Other grantees	33	2,476,954	81,739,497
<i>Summary statistics</i>			
Grants to organizations in Pakistan	39	8,690,628	321,560,637
Grants to organizations outside Pakistan	42	10,706,084	449,655,546
<b>All grantees</b>	<b>79</b>	<b>9,762,230</b>	<b>771,216,183</b>

The same principle applies when dealing with organizations headquartered in Pakistan. The WHO) country office in Pakistan has developed its capabilities in programme delivery over decades and is part of global network trusted by Gates. In microfinance, however, the foundation's partner Karandeez, a loan provider for small and medium sized enterprises was only established in 2014. It has quickly established a lead in applying digital technologies in financial services and the credibility needed partner with Gates in extending access to

microfinance to rural women, overseeing the grant made to specialist microfinance provider U Bank. A third trusted partner is the Aga Khan University based in Karachi, which has won a series of grants to support healthcare research, notably with respect to devising and implementing policies to reduce the incidence of premature deaths in Pakistan among women and young children.

### ***Summation***

The evidence presented in this section suggest that while ODA and OPP have been supportive of socioeconomic development in Pakistan, overseas assistance has been insufficient to achieve transformative outcomes in health, education, social practices or economic development<sup>22</sup>. ODA has played a far more substantial role than OPP, although OPP has become more substantial in recent years as the Gates Foundation has backed the elimination of polio and the provision of microloans for rural entrepreneurs. As will be seen in later chapters, overseas assistance has been valuable in supporting the work of many front-line charitable organizations that have striven to fill the gap between the needs of the population and government provision. These third sector organizations, which depend mainly on domestic support for their funding, are a vital source of strength for Pakistan in its quest for more rapid socioeconomic development.

### **4.3 The Philanthropic Landscape in Pakistan**

According to Sen (1999) development and socioeconomic change is a process that places human freedom at the center stage. Greater freedom means increased opportunities and the development of capabilities for individuals to help themselves lead a better life. Lack of freedom is directly linked to persistent poverty, hunger, illnesses, and illiteracy. Therefore, the goal is to remove the institutional and cultural barriers that restrict freedom. The necessary conditions that promote human freedom include economic, social, political and cultural freedoms. These are interlinked and reinforce each other to promote and influence the development process. Economic freedom means ownership rights, access to finance, and availability of opportunities. Social freedom means freedom from social deprivations and access to social services such as education, healthcare, clean water, and sanitation (Carothers & de Gramont, 2013). In short, development is a process that allows freedom of opportunity

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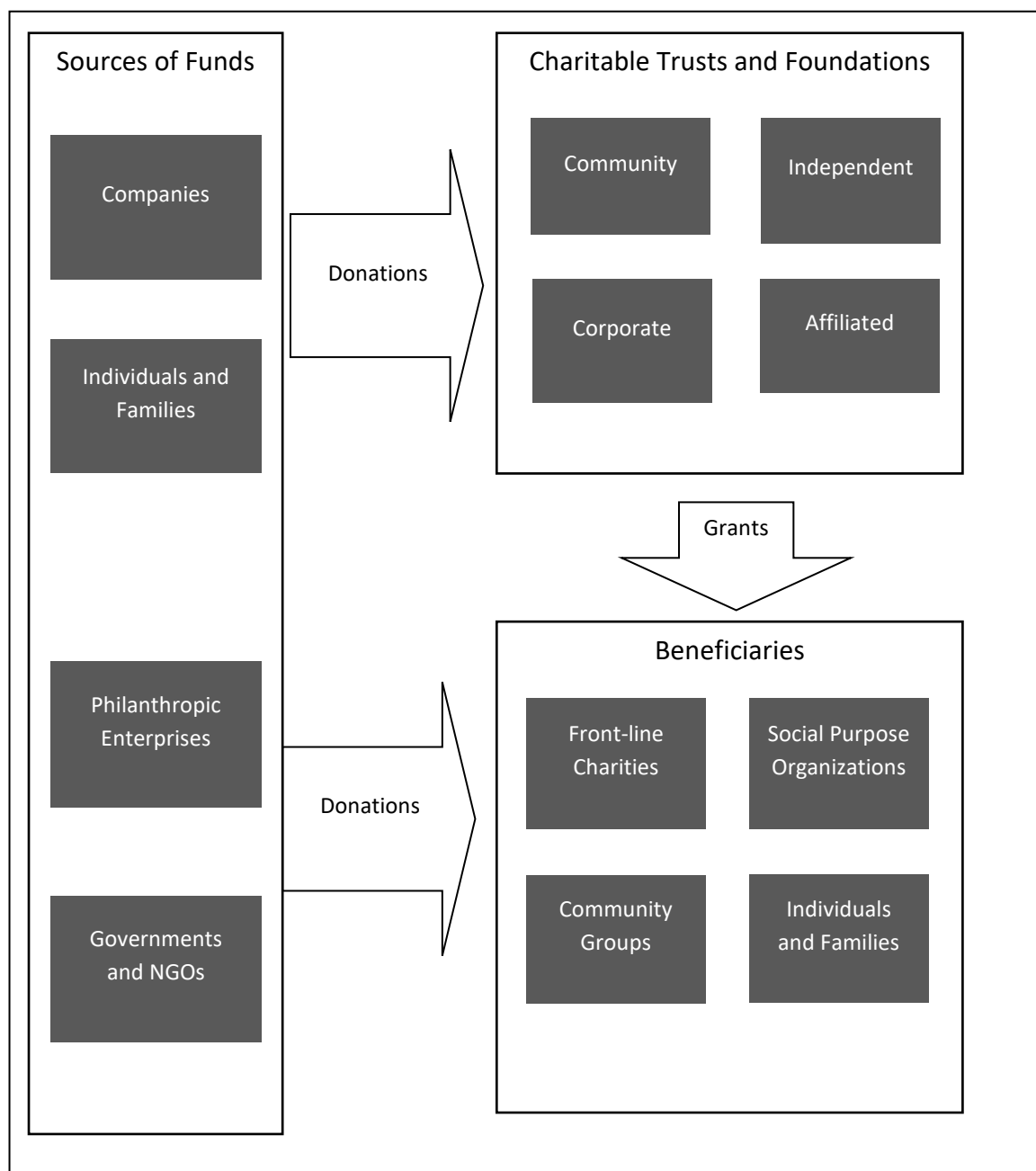
<sup>22</sup> OECD (2018) data for 2013-15 shows global private philanthropy of US\$ 23.9 billion is much less than the (ODA) of \$ 462 billion, while the non-concessional official flows was US\$ 14 billion. However, during this period Pakistan benefited little from ODA and Gates Foundation. It received 3 per cent of each ODA and Gates Foundation.

that enhances the capabilities of individuals to participate in economic, social, and political activities. Absence of opportunities means deprivation of basic capabilities to fight hunger, disease and illiteracy and inability of individuals to act and bring about change. The role of the state is to develop and maintain the political, legal, educational and healthcare institutions that underpin freedom. Philanthropy and the work of charitable organizations is best understood as part-and-parcel of this broad and unified conception of socioeconomic development.

However, there are different pathways to socioeconomic development (Gerschenkron, 1962), and the experience of all countries is to a greater or lesser extent unique depending on historical, cultural and political circumstances. In this research, my emphasis is on the supportive role of philanthropy and charitable organizations in a country where the state alone cannot be relied upon to seize the development initiative. As an alternative and cost effective source of resources and organizational capabilities, indigenous philanthropy can help the weak states to accelerate the growth process and enhance individual freedom and capabilities mainly through the provision of education, healthcare and community development. It is generally believed that governments in developed countries should find the resources to protect vulnerable members of the population (Lewis, 1955; Sachs, 2005). Governments in developing countries, invariably struggle to find the resources needed to provide universal access to social welfare services. In less developed countries, private philanthropy is needed significantly to complement government efforts in education, healthcare and community development programmes. This is not unlike the role played by philanthropists like Andrew Carnegie and John D. Rockefeller Sr during the late nineteenth and early twentieth centuries in the United States. Their contributions have maintained vital social institutions down to the present (Bishop & Green, 2008; Harvey et al., 2011; Zunz, 2012). The more recent efforts of the Bill and Melinda Gates foundation and others in developing countries have also increased awareness that socioeconomic change is possible through philanthropy.

Pakistan, like many developing countries, is presently confronted with severe challenges stemming from enduring socioeconomic backwardness. Social needs continue to increase driven by population growth and government funded service provision has not kept pace with the rising demand, thereby providing opportunity for growth in the scale and scope of the philanthropic sector (PCP, 2002). The sector is configured as shown below in Figure 4.1.

**Figure 4.1: The Philanthropic Landscape in Pakistan**



In this roadmap of the philanthropic sector in Pakistan, four sources of funds are depicted as supporting the work of front-line charities, social purpose organizations, community groups and individuals and families, either directly or indirectly through the agency of charitable trusts and foundations. First, companies, in meeting their corporate social responsibilities, may support beneficiaries directly or via a corporate foundation. One of our case study organizations, the Engro Foundation, supports community groups and social purpose organizations using funds largely emanating from the Engro Corporation, a multinational conglomerate based in Karachi with subsidiaries involved in production of



fertilizers, foods, chemicals, energy and petrochemicals. In other words, the Engro Foundation is a corporate foundation sponsored and supported by a public company. Its purpose and projects are sanctioned by directors appointed by the Engro Corporation.

The second main source of funds is private individuals and families. In Pakistan, a good part of philanthropic giving is on a small scale and flows directly from better off families to others in greater need, often preventing starvation or some other calamity. Giving within extended families in cities, towns and villages across the country remains a mainstay of social welfare provision.

Individuals and families living in abroad – the so-called Pakistani diaspora - are also major contributors to family wellbeing back home in Pakistan. Wealthier individuals and families also make donations directly to numerous front-line charitable organizations. Three of the case study organizations researched in this thesis are major beneficiaries of individual and family giving, often in satisfaction of the *zakat* obligation to make an annual donation to charity estimated on the basis of family wealth at a percentage rate determined by the government of Pakistan. The SKMCH, based in Lahore, the Al-Shifa Eye Hospital Trust, based in Rawalpindi, and the microfinance provider, the Akhuwat Foundation, based in Lahore, are prime examples of front-line charities that campaign for *zakat* donations. They also receive unsolicited non-*zakat* individual donations and philanthropic funding from other sources.

A feature of the philanthropic landscape in Pakistan is the relative lack of large independent grant making foundations established by wealthy individuals and families. There are grant making foundations like the Open Society Foundations in Pakistan, but these are not numerous. Likewise, there are few community foundations pooling the donations of moderately wealthy individuals and families like the Sind Community Foundation based in Hyderabad. In terms of grant making to multiple beneficiaries, therefore, the field is dominated by overseas foundations and, as explained earlier in this chapter, principally by the Bill and Melinda Gates Foundation. This means that most individual and family giving in Pakistan flows directly to beneficiaries, unlike the situation pertaining in developed countries like the US and UK where independent and community foundations play a significant role in funding the charitable sector through issue of grants.

A third and distinctive source of funding for the sector is a large philanthropic enterprise at the core of its industrial economy. The Fauji Foundation, founded in 1954 in Rawalpindi, is an industrial conglomerate whose *raison d'être* is to generate funds for a defined segment of the country's philanthropic sector. It channels a large part of profits earned by its many businesses – in financial services, fertilizers, cement, food, power generation, gas exploration,

oil and gas marketing and distribution, and security services - into directly funding an array of social purpose organizations in education, health and social welfare (hospitals, schools and universities, for example) established to meet the needs of former armed services personnel and their families. Fauji is a controversial organization, beloved by beneficiaries but condemned as anti-democratic by those who despair that so much power has been ceded by successive governments to the military elite that direct its affairs (Siddiq, 2017).

Finally, governments and non-governmental organizations (NGOs) in Pakistan and abroad, as explained earlier, funnel money into the system, principally by means of grants to front-line charities and social purpose organizations. Funding of this kind is not philanthropic (Harvey et al., 2019). It comes ultimately from taxpayers in Pakistan and overseas. Nonetheless, it is substantial and historically it has made a significant difference to social welfare in Pakistan.

#### **4.4 Relative importance of different funding sources to beneficiaries**

The voluntary sector, as we have seen, depends crucially on availability of philanthropic sources of funding. In this section, we look at the evidence on the relative importance of different funding sources and the importance of philanthropic funding relative to other sources such as earned income.

##### ***Individuals and families***

Income and accumulated wealth largely determine the decision of individuals and families to participate in philanthropy (Breeze & Lloyd, 2013). Despite its status as a developing country, Pakistan has a rich culture and history of individual and family giving (Nadia, 2010). Both open and quiet giving are common practices of wealthy and moderately wealthy people, and their collective contribution to social welfare is substantial. The most recent data for the size of individual and family cash donations is reported in Table 4.7. This shows that the total value of cash donations in 2016 was PKR 85.69 billion. Of this sum, individuals and families donated PKR 70.80 billion or 82.62 per cent of the cash total.<sup>23</sup> In addition to cash, individuals and families made in kind contributions valued at PKR 169.2 billion, adding up to PKR 240 billion in all. In comparison, the first estimates of individual philanthropy made in 1998 reveal cash

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<sup>23</sup> Individual philanthropy, when studied in the global context, shows that Pakistan is ranked number 5 when assessed by number of people contributing money and number 7 in helping strangers. While regionally Pakistan is ranked higher than India, China (both are relatively bigger economies) and Bangladesh in donating money and helping a stranger (Charities Aid Foundation (CAF), 2017).

giving of PKR 30 billion and in-kind giving of PKR 40 billion, totaling PKR 70 billion (AKDN, 2000).

**Table 4.7: Domestic sources of philanthropic funds in 2016 (PKR billion)**

Sources of philanthropy	Donations in cash	Donations in kind	Total Donations	% total in cash	% total in kind
Individuals and families	70.80	169.20	240.00	82.623	100
Public companies	7.31	-----	7.31	8.531	0.00
Government zakat fund	7.45	-----	7.45	8.694	0.00
Voluntary zakat receipts	0.13	-----	0.13	0.152	0.00
<b>Total donations</b>	<b>85.69</b>	<b>169.20</b>	<b>254.89</b>	<b>100.00</b>	<b>100.00</b>

Sources: PCP survey (2016); State Bank of Pakistan, Annual Report (2016).

Three important observations follow from this analysis. First, individual and family giving is the primary source of voluntary sector funding in Pakistan, dwarfing the contribution made by public companies. Secondly, the absolute amount of giving grew by 364 per cent in nominal terms between 1998 and 2016, but this masks a small real terms decline when account is taken of inflation in the consumer price index of 385 per cent over the same period (World Bank, 2020). Thirdly, the high proportion of giving in kind confirms that the greater part of philanthropy in Pakistan is super-local from one household to another in the form of food and other personal support.

In addition to local donations of individuals and families, money flows inwards from individuals and families of Pakistani origin now living outside Pakistan. Data about such donations is available for the USA and UK. Donations from the US amount to almost US \$1 billion per year in cash and in-kind out of this US\$250 million is in cash and US\$750 million is in-kind (Najam, 2007). Diaspora donations from the UK during 2018 totaled £636 million of which £390 million is in cash and £246 is in-kind (PCP, 2019). The US total equates to PKR 164.6 billion and the UK total to PKR 155.8 billion. Together, this amounts to PKR 320.4 billion, which equates to 125.7 per cent of the domestic giving total, confirming the underlying weakness of Pakistan's economy. The greater part of this overseas giving effectively supplements the incomes of Pakistani households and is largely driven by religious belief and moral duty to help the needy family members. Little finds its way into the coffers of charitable organizations, which suffer from US regulations on international fund transfers (Najam, 2007, PCP, 2005) and lack of trust (PCP, 2019). However, these studies present a limited view of diaspora giving. As shown in the subsequent chapters Pakistanis living abroad have in the past

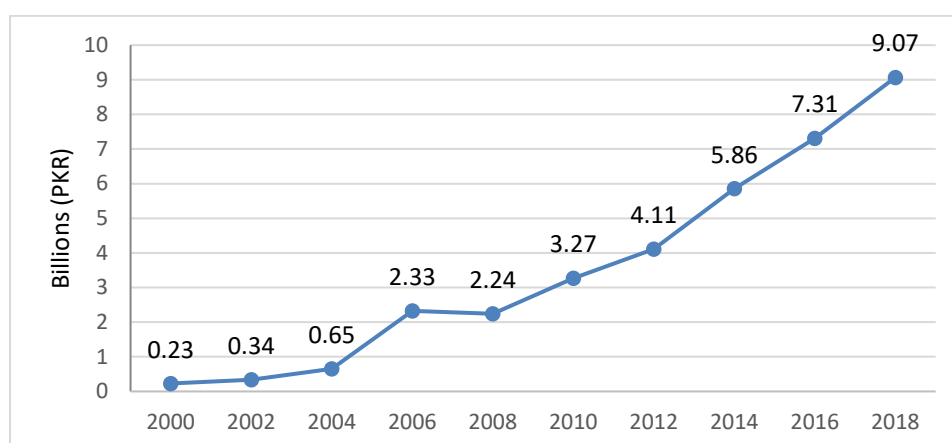
contributed generously towards fund raising campaigns and the success of some prominent charitable organizations.

### ***Public companies***

Business enterprises in Pakistan contribute significantly towards economic development through job creation, tax payments and social innovation (Sajjad & Eweje, 2014). In addition, businesses are expected to be socially responsible and work in partnership with government towards sustained socioeconomic development (PCP, 2018; Smith, 2003). Limited availability of educational opportunities, healthcare provision and community infrastructure and inability of government to provide better livelihoods suggests that companies have a vital role to play in development (Smith, 2003). However, the economic capital of businesses forms the basis for philanthropic activities and without profits it is not possible for businesses to engage in philanthropic activities, whether voluntary or mandatory (Harvey et al., 2011; Carroll, 1991).

Corporate philanthropy in Pakistan has only become significant in recent years (PCP, 2016). It is now mandatory for business enterprises to report their cash donations in their annual financial reports, which vary considerably by size of firm and management values of giving (PCP, 2018). Table 4.7 shows that the philanthropic contributions of public companies totaled PKR 7.31 billion in 2016, just 8.53 per cent of cash giving (PCP, 2016). However, this still relatively minor contribution is a big improvement on the recent past, as shown in Figure 4.2.

**Figure 4.2: Philanthropy of large business enterprises**



**Source:** PCP survey report 2018

Indeed, Figure 4.2 shows that corporate philanthropic donations increased significantly from PKR 0.23 billion to PKR 9.07 billion between 2000 and 2018<sup>24</sup>. Even allowing for inflation,

<sup>24</sup> (WINGS, 2014) cited in OECD (2018) also reports that philanthropy has been rising in Pakistan this rise is supported by diaspora giving and the corporate philanthropy which has increased from US\$ 4.5 million to US\$ 56.4 million during 2000 -2014.

this is a significant increase, reflecting a general acceptance that business should do more to increase social wellbeing, notwithstanding persistent economic perturbations (ADB, 2013; Pakistan Economic Survey, 2012). It should also be remembered that public companies represent a small proportion of all businesses in Pakistan, as revealed in Table 4.8. Moreover, just 25 of the 544 public listed companies make 70 per cent of the total philanthropic contribution made (PCP, 2018). They acknowledge their corporate responsibilities, and their philanthropic practices are like those of the multinationals operating in the country (Sajjad & Eweje, 2014). Unlisted public companies constitute 3.15 per cent of business enterprises in Pakistan and the remaining 95.85 make up the small and medium sized enterprises (SMEs). SMEs contribute 40 per cent of Pakistan’s GDP and employ nearly 80 per cent of the urban work force (Small and Medium Enterprises Development Authority (SMEDA), 2013). The PCP estimates the total philanthropic contribution of unlisted companies and SMEs at PKR 3.79 billion in 2018, which when added to the PKR 9.07 billion contribution of public listed companies in 2018 makes a total business sector contribution of PKR 12.86 billion (PCP, 2018). The consensus is that the business sector has the financial capacity to contribute more to the socioeconomic development of Pakistan (PCP, 2014), although its contribution has risen from a very low base in 2000.

**Table 4.8: Business enterprises and philanthropy in Pakistan in 2018**

<b>Types of business enterprises</b>	<b>No.</b>	<b>% in total</b>	<b>Philanthropic contribution ( PKR Billion )</b>
<b>Public listed companies</b>	544	1.00	9.07
<b>Unlisted public companies</b>	2,525	3.15	3.79
<b>Private limited companies</b>	77, 084	95.85	--
<b>Total</b>	80,153	100	12.86

Source: SECP Annual Report, 2018.

### ***Government***

The government is bound by the constitution to provide employment, social security and basic needs of life to the weak, sick, and unemployed (Irfan, 2003). Widespread poverty and deprivation necessitate the provision of development programmes and social safety programmes to reduce inequalities. It supports the voluntary sector through the collection and distribution of zakat, and the provision of grants and other benefits such as land allocations and tax exemptions to charitable organizations (Ahmed & Butt, 2019). As reported in Table 4. 7,

government zakat on wealth (a religious obligation of charity) collection amounted to PKR 7.45 billion in 2016, an amount similar to that contributed by public companies<sup>25</sup>. How zakat is given is a matter of personal choice, but in Pakistan it is officially collected in the beginning of month of Ramadan as deductions at source from bank accounts and deposited with the Central Bank (AKDN, 2000). However, individuals prefer autonomy over their donations (Breeze & Mohan, 2016), and prefer to make their payments directly to authorized charities or needy individuals (PCP, 2016; Alterman, 2005). The amount collected centrally by the government is distributed through zakat councils and is also used for social safety cash transfer schemes to fight poverty and inequality. Major portions of the fund are distributed as monthly livelihood allowance and rehabilitation grant, education stipends, religious education, healthcare, and marriage allowance for the poor girls (Ghaus-Pasha, et al., 2002). However, the system is not free from corruption (Hassan, 2007) as access to which by poor people without contacts is limited (UNDP, 2013),

In parallel, the largest ever cash transfer social safety programme the BISP, launched in 2008 in partnership with the World Bank, the UK DFID and the IDB, targets those living below the poverty line (UNDP, 2013). An independent evaluation suggests that it helped some beneficiaries deal with unforeseen shocks, but it made little or no difference to the lives of others (Oxford Policy Management Survey, 2016). Ehsaas is another recent social welfare programme launched in 2019 it entitles the poor to free healthcare and shelter for the homeless, but reach is limited (Pakistan Economic Survey, 2018).

This reveals the budgetary constraints along with the pressure of population growth and the demands for social welfare payments to the poor that this brings. Unmet demands frequently arise as a result, and it is in filling these gaps in provision that philanthropically funded charitable organizations find their cause and inspiration.

### ***Charitable trusts and foundations***

Front-line charities are charitable organizations that directly deliver services to users for free or at below cost price. They are the workhorses of the voluntary sector and are funded wholly

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<sup>25</sup> Charity is ordained by all Abrahamic prophets (Al Quran chapter 21: verse 73, Pickthal, 1930) including Prophet Jesus (PBUH) (Al Quran chapter 19: verse 31, Pickthal, 1930). As individuals have different abilities and resources, the instruments of philanthropy and redistribution in Islam include *Zakat* (is a compulsory instrument of Islamic philanthropy and redistribution' (Hassan, 2007: 25), and requires the wealthy to give 2.5 per cent of their total unused wealth annually to meet the social welfare needs of the needy and to narrow the socioeconomic gap), Other voluntary instruments are *Sadaqa* (charity), *Waqf* (trust) and *Qard-e-Hasana* (interest free loans/deposits as an act of benevolence).

or in part by philanthropic funding (Salamon & Anheier, 1998). They may be called foundations or trusts, but they differ fundamentally from organizations with similar names that exist as philanthropic intermediaries to provide grant funding for front-line charities, social purpose organizations like hospitals and universities, community groups and individual beneficiaries (Anheier, 2018).

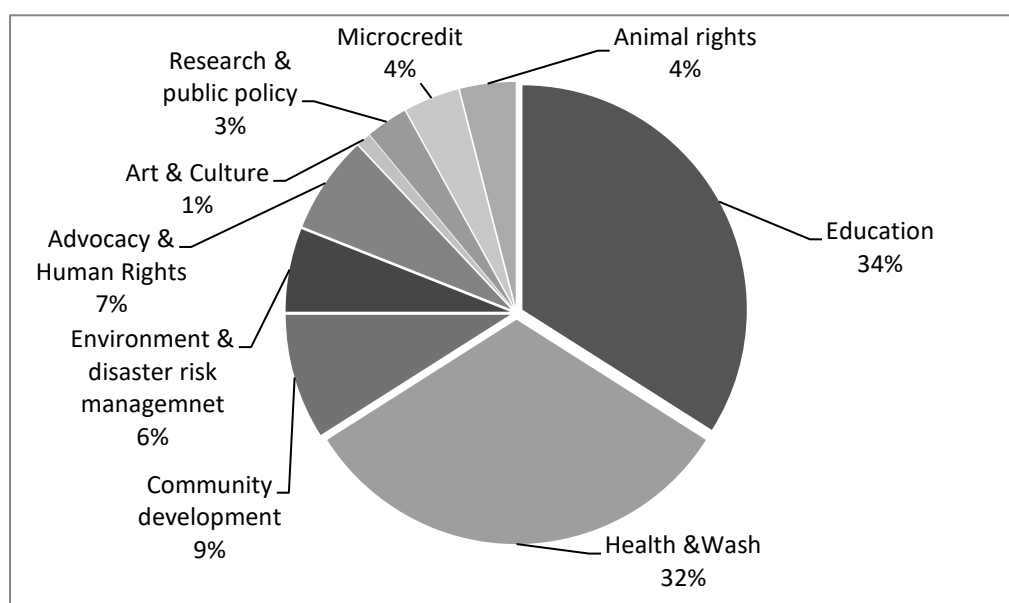
In Pakistan, charitable organizations have gained importance in promoting socioeconomic change in the past two decades (Amjad & Butt, 2019; Imtiaz, 2016)<sup>26</sup>. Large front-line charities, operating at scale with large numbers of relatively well-paid employees, are revered nationally as beacons of light in the ongoing struggle to liberate Pakistan from the debilitating consequences of poverty. They actively solicit and manage philanthropic donations from individuals and families, companies and grant making trusts and foundations. As explained previously, most philanthropic funding in Pakistan flows directly to front-line charitable organizations that deliver services to the needy, but many of these style themselves as “trusts” or “foundations”.

Figure 4.3 shows that out of the 11 different sectors, education, health, community development and microcredit form 79 percent of the total philanthropic organizations certified by the PCP. Further data reported in Table 4.9 and Table 4. 10 when analyzed in relation to the findings of Figure 4.3 it is no surprise that low government spending in Pakistan cause donors to supplement health and education spending as top priority areas.

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<sup>26</sup> Charities have increased in number in the last few decades. However, estimates of number of charitable organizations vary across studies, though results of two Pakistan charitable sector surveys conducted in the year 2000 (Salamon et al., 2003; Ghaus-Pasha et al., 2002) provide some insight into the size and scope of the sector and how charities are funded. What we learn is that the voluntary sector in Pakistan, as in most other countries, is populated by mainly small organizations. The registered organizations are 56,219 (Ghaus-Pasha et al, 2002) of these active organizations are 45,000 (Salamon et al., 2003; Ghaus-Pasha et al., (2002). These aggregate numbers hide the large organizations such as the case studies featured in this study. These depend in almost equal measure on indigenous philanthropy and earned income to survive, and the foreign proportion has likely risen considerably since with the setting up of overseas foundation offices in the country (Sajjad et al., 2019). Similarly employment estimates in these organizations also vary across different surveys, the number reported is estimates 264,000 as paid employees, 212,000 as volunteer and 476,000 as total employment (Ghaus-Pasha et al, 2002). The sector accounts for 2.3 per cent of paid employment in the country, while the volunteers boost the workforce considerably without draining organizational coffers (Ghaus-Pasha, et al., 2002).

**Figure 4.3: Certified philanthropic organizations (sector-wise)**



Source: Pakistan Centre for Philanthropy

**Table 4.9: A comparison of health spending indicators 2016**

	Health spending per capita US \$	Health spending per capita, \$ PPP	Health spending as % of GDP	Government health spending as % of total health spending	Out of pocket spending as % of total health spending	Development assistance for health as % of total health spending	Annualized % rate of change in health spending per capita 1995-2016
<b>Developed Countries</b>							
Germany	5263	5619	9.6%	84.6%	12.4%	0.0%	1.20%
France	4945	5148	9.8%	80.6%	9.6%	0.0%	1.88%
Sweden	6095	5757	8.6%	83.5%	15.3%	0.0%	3.87%
UK	4113	4364	8.3%	80.0%	15.3%	0.0%	4.37%
USA	10271	10271	17.1%	81.8%	11.1%	0.0%	3.08%
<b>Developing Countries</b>							
Ghana	75	210	3.6%	39.9%	39.4%	13.7%	3.75%
India	65	247	3.0%	25.4%	64.2%	0.9%	4.46%
Indonesia	116	388	2.3%	40.3%	40.1%	0.7%	4.59%
Nigeria	71	199	2.4%	14.5%	75.2%	8.6%	4.01%
<b>Pakistan</b>	<b>41</b>	<b>142</b>	<b>2.7%</b>	<b>26.2%</b>	<b>62.7%</b>	<b>8.3%</b>	<b>1.25%</b>

Source: Global Burden of Disease Health Financing Collaborator Network, Lancet 2019; 393: 2233–60, Published Online April 25, 2019 [http://dx.doi.org/10.1016/S0140-6736\(19\)30841-4](http://dx.doi.org/10.1016/S0140-6736(19)30841-4)

For example Table 4.9 presents estimates of health spending resources for 2016 and variations in sources of finance across selected developed and developing countries including Pakistan. These estimates show that governments in developed countries spend more on health per capita and percentage of GDP, which is reflected in low out of pocket spending. While low government spending and non-availability of universal health coverage in developing countries, including Pakistan, well explains the high out of pocket spending and high health



inequalities (Rukhsana et al, 2018). The reasons for low government health spending in developing countries is low rates of tax collection as a percentage of GDP (Reeves et al., 2015; Xu et al., 2018), and the neoliberal health sector reforms making healthcare a private good rather than a public good (McGregor, 2001) or a human right to health (Chapman, 2014). Donor funds may supplement health spending in developing countries but these are relatively low and target specific projects. Since government health spending is expected to remain low in future (Asim Yousaf, 2013), high out-of-pocket spending will persist. Therefore, together with donors, private individuals shoulder the main burden of healthcare provision.

Likewise, comparative education statistics reported in Table 4.10 below show marked differences across the two groups of countries. Developed countries spend more on education and their mean years of schooling are higher than in developing countries.

**Table 4.10: Selected indicators of education (2017)**

	Government education expenditure % of GDP	Government education expenditure per pupil 2015 US \$ PPP			Out of school Children %	Mean years of schooling	Literacy Rate
Developed Countries							
		Primary	Secondary	Tertiary	Primary		
France	5.5	7115	10731	13373	-	11.5	-
Germany	8	8385	11016	16263	3.5	14	-
Sweden	6	10222	11301	20658	0.4	12.5	-
UK	5	10875	12090	11442	-	12.9	-
USA	5.5	10636	7858	15262	-	13.4	-
Developing Countries							
Pakistan	2.8	473	537	1431	23	5.2	57.00
India	3.8	497	855	2500	9.8	6.4	69.3
Ghana	4.5	326	1078	3082	15	7.1	71.5
Indonesia	3.6	1465	1161	2081	18.1	8	95.4

**Source:** UNDP, Human development Indices and indicators (2018)

Within the developing countries Pakistan has the lowest government education expenditure as a percentage of GDP, government education expenditure per pupil, mean years of schooling, and literacy rate. Not only it has the highest percentage of out of school children, the demand for education greatly exceeds supply (Woodrow Wilson Centre, 2016). Given the unmet need for education, it is not surprising that one third of the front line philanthropic organizations as shown in figure 4.3 are engaged in delivering education services (ADB, 2019), reflecting a deep concern that ignorance keeps millions of disadvantaged children out of school, especially girls (ASER, 2018). Recognizing its importance, in improving productivity, quality of life, and socioeconomic change (Hannum & Buchmann, 2005) education is listed as one of the top most

important SDGs of the UN as a lasting solution to socioeconomic difficulties of the less privileged.

However the number of grant making charitable trusts and foundations that serve as an intermediary vehicle for philanthropy, with an income earning endowment, are relatively few. The exceptions are corporate foundations, like the Engro Foundation, affiliated foundations that serve a single organization, a handful of community foundations that pool philanthropic funds and serve local and regional communities, and independent foundations based outside Pakistan but which support voluntary sector causes inside the country. It is the overseas based independent foundations that channel the largest volume of funds into the voluntary sector in Pakistan. By far the largest of these, as we saw in section 4.2, is the Bill and Melinda Gates Foundation. There are many others that operate on a smaller scale and serve specific causes. For example, donations made by US donors are channeled through i-Care America to the i-Care Foundation in Pakistan and by the Sight Savers International, a British charity that supports eye care services in developing countries. The Open Society Foundations established by billionaire philanthropist George Soros began working in Pakistan in 2005 and in 2008 launched the Foundation Open Society Pakistan under an agreement with the government to support “local civil society groups that share our vision of a society where government is open to all, and where no one faces discrimination.” It makes grants to individuals and organizations working in education, human rights and justice, government transparency, effective public policy, and the independent media guided by ‘some of Pakistan’s most respected thought leaders’ (Open Society of Pakistan, 2020). Collectively, as can be seen from Table 4.4, overseas private philanthropy, donated US \$130.14 million to Pakistani causes, equivalent to PKR 21.69 billion (at 23 June 2020 exchange rate of PKR 166.68 per US \$1). This sum is 240 per cent greater than the PKR 9.07 billion figure for the corporate philanthropy of Pakistani public companies in the same year.

In what follows, we focus on substantial giving by wealthier people, companies and foundations rather than the micro-scale giving that nourishes and supports individual households and communities, everyday giving that might be likened to alms giving in medieval Europe. This is because our focus is on deliberate, strategic attempts to channel significant resources into organizations and projects committed to socioeconomic development not simply making life better for individual families.

### ***Summation***

The statistical data presented in this section, when viewed together and in relative terms, lead to the following seven conclusions.

1. By far the greater part of charitable giving in Pakistan is micro-scale, local, community based, from household to household, in cash and in-kind.
2. When account is taken of inflation, overall charitable giving in Pakistan, in cash and in-kind, has been static.
3. Micro-scale charitable giving in cash from households outside Pakistan to households in Pakistan greatly exceeds domestic charitable giving in cash.
4. Corporate philanthropy, although increasing, is in its infancy and currently makes a relatively small contribution to overall charitable giving.
5. Front-line charitable organizations, in the health and education sectors are the main beneficiaries of domestic charitable giving in cash. Government spending in the two sectors is low, and the main flow of charitable funds is from wealthier households to organizations that actively engage in general fundraising and zakat farming.
6. Pakistan has a weak philanthropic infrastructure with few indigenous independent and community-based grant making foundations.
7. Domestic failings have been compensated for in recent years by overseas independent foundations establishing branch offices in Pakistan. Overseas private philanthropy already accounts for a larger proportion of total charitable giving than domestic corporate philanthropy.

### **4.5 Data analysis and expert opinions**

This section thematically analyzes the qualitative interview data of 10 expert opinions by applying (Gioia et al., 2012) thematic coding as mentioned in Table 4.11. In particular, it examines how philanthropic resource flows to the beneficiaries and regulatory policy supports philanthropic developmental activities. The identified themes are indicative of the expert opinions of interviewees who register, certify and, evaluate the performance of philanthropic foundations. They not only have access to their internal documents, they also frame and implement regulatory policies to institutionalize philanthropy. Their opinions matter because not only they possess rare information about the philanthropic priorities, choices and regulation in the country which otherwise is not available, they also confirm the findings of this study.

The Gioia method involves sense making from raw data to thematic generalization. In this process data is distilled and similar expressions are grouped under a set of few defined thematic headings. Step one of the analysis involved coding of constructs from the interview data collected during the field work. The identified first order codes were systematically grouped to identify the second order themes or concepts and some of these are illustrated in Table 4.11.

**Table 4.11: Philanthropic priorities, choices, and philanthropic regulations**

Illustrative quotes	2 <sup>nd</sup> order concepts	Aggregate dimensions
About 70 per cent of foundations are registered in the education or healthcare PCP	Priority areas: Education/ health	Philanthropic priorities
There is this very good practice of adopting schools PCP	Adopting schools	
Thousands of students & patients benefit from them PCP	Students/ Patients	
To help achieve the UN SDGs, health & education as priorities PCP	Education, Health	
COVID-19 exposes our healthcare system to many risks PCP	Healthcare risks	
Some do community welfare through cottage industry PCP	Community support	
HUBCO train communities in fishing near its power plant PCP	Community support	
Engro train female dump truck drivers enabling Thar desert community to expand horizons & work for coal mining company	Community support	
Some collaborate with INGOs to tackle water crisis in the drought hit Tharparkar desert community	Community support	
An INGO donated hospital equipment, funds for a Digital Radiography X-rays machine, a Gynecology unit & an operation theatre HTH	What, how & whom to give: in kind cash	Philanthropic choices
International foundations and development agencies include grants, technical assistance, soft loans and equipment HTH	Grants/ technical assistance	
They had no library & playground we gave them both TIKA	In kind giving	
We donated a textile laboratory to TEVTA to train people and do not give in cash but engage directly in the field TIKA	In kind giving	
Individuals mostly engage in direct giving PCP	Direct giving	
Some deliver services in remote areas of the country, through eye camps or through mobile health units	Remote areas	
AKRSP targets poverty & inequality in remote northern areas	Remote areas	Philanthropic Regulations
Four inter-related departments regulate NPOs SECP	Regulations, laws, policy, certification	
Many use philanthropy as a tool to park their funds here and there SECP	Philanthropy a tool	
PCP evaluate performance and sets a bar for NPOs certification SECP	PCP certification	
We monitor and check the sources of funds disclosed SECP	SECP monitor	
This is an area where our laws need to be strengthened SECP	Weak laws	
We register, check annual plans and the capability of the foreign funded foundations EAD	EAD registration	
The INGO's get NOC from the interior ministry. EAD	NOC	
Government welcomes professional organizations to share the burden ....in the well-being of our people EAD	Professional organizations	
Funds received must specify philanthropic activities and annual plans with tangible outcomes EAD	Annual plans, outcomes	
FBR is giving tax concession for public utility PCP	Tax policy	
A benchmark is set to distinguish those not fulfilling the public utility condition PCP	Benchmark set	
Now the regulations are getting stringent SDPI	Stringent regulations	

From the second order grouping three aggregate dimensions were derived. Three themes were identified related to philanthropic priorities of philanthropic organizations, philanthropic choices made by them, and the philanthropic regulations that aim at institutionalizing philanthropy.

### *Philanthropic priorities*

The first identified theme is that among the many decisions philanthropists make the first decision they make is what causes to support (Breeze, 2013). Donors typically set priorities of supporting selected needs that are alleviative in nature. In Pakistan donors may not be as ambitious in addressing socioeconomic problems as transformational philanthropists based in more advanced countries, yet the need to address issues stemming from poverty and economic backwardness is motivational (Fiennes, 2012). Amongst the many areas giving decisions are influenced by unmet social needs that neither the government nor the markets have been able to satisfy adequately. Accordingly resources are distributed across specific causes that different actors choose to support with their donations and benefit the less advantaged (Kassem-Lakha & Bennet, 2013:2236). The interviewees confirm our findings presented in the preceding section that front line charitable organizations, philanthropists and donors primarily support fundamental needs like education and healthcare and community development. For example, a senior researcher at the PCP view the role of philanthropic organizations as vital for addressing growing demand for education and health services. The following quote is illustrative:

‘About 70 per cent of charitable organizations at PCP are registered in education or healthcare areas. These are model institutions of philanthropy and many students and patients have benefitted from these organizations’ (Interview with Senior Researcher at PCP, 2018).

It is no surprise that one third of certified philanthropic organizations are active in the health sector. For example, SKMCH having gained the trust of donors receive a large share of private donations and philanthropic funding from pharmaceutical and chemical companies (Kassem-Lakha & Bennet, 2013). Prominent healthcare charities have improved the quality of life of hundreds of thousands of poor patients (ADB, 2002) who do not have access to or cannot afford to pay for these services (Nadia, 2010). However, both public funding and private donations largely support curative healthcare and preventive care receives little attention (Kassim-Lakha, 2013: 2236-7). While ‘primary care ... remain unaddressed and even philanthropy continues to concentrate the available resources on expensive tertiary care contributing little to avert the tide of non-communicable diseases’ (Wasay, et al., 2014: 1218). ‘Sadly, similar to public funding, private donations mainly support curative efforts with little spent on preventive care’ (Kassim-Lakha, 2013: 2236-7).

Likewise, prominent philanthropic foundations like The Citizen Foundation (TCF) and the Care Foundation play an important role in addressing the need for education. The TCF owned by a group of entrepreneurs runs near 1200 schools across Pakistan, with 63 schools in

urban slums and remote rural areas, helping millions of underprivileged children through provision of free educational services (Nadia, 2010). The Care Foundation manages 716 schools with a total enrollment of about 230,000 children (ADB, 2019).

However, a senior officer from the population welfare department is less sanguine, seeing Pakistan as struggling against the tide of population growth and the need for addressing the gap in education and health services:

‘The negative effects of population growth are reflected in the pressure on education and health facilities. There is a strong link between population growth, education, health and poverty’ (Interview with Director General of Population Welfare, 2018).

Community development and improved livelihood is primarily the third area of focus of corporate philanthropy as part of SDGs (PCP, 2017). Business enterprises operating in remote and impoverished areas engage in welfare programs to strengthen local communities and build good will. Valuable as these local corporate initiatives are for local communities, these are small in scale. More successful interventions are backed by foreign development agencies, philanthropic foundations and the government (Ghaus-Pasha et al., 2002). One such most successful community development programme has been the Agha Khan Rural Support Programme (AKRSP), initiated in 1983 by the Agha Khan Foundation (AKF) in partnership with the government and donors. AKRSP targeted rural northern Pakistan and focused primarily on income generating activities skills acquisition by small farmers in isolated communities. The programme worked through community-based village organizations (VOs) and women’s organizations (WOs). These public-private partnership-based rural support programmes were initiated to develop social enterprises (Sultan, 2009). This model of social development and poverty alleviation was successful for its *theory of change* adapting the social development model to community needs, mobilizing local participation, utilizing and managing resources efficiently and operating at the grass roots level for the provision of local services. It illustrates empowering communities for self-reliance and their perspectives of social change are an effective way of social transformation and sustained improvement in their livelihood (Irfan Mufti, 2019). On their own government organizations lack such an approach to socioeconomic change and are seriously constrained in extending outreach to the poor residing in remote backward areas. Later the programme was replicated nationally to create a network of rural community-based organizations (CBOs). These programmes have largely contributed very positively to rural development (Sultan, 2009; Irfan, 2019).

Another government led program includes the microfinance institutions that operate as market-based institutions and provide small loans to the less privileged (Irfan, 2003). Among these the Akhuwat foundation's model of no interest microloans, supported by the government to bring more people into sustainable self-employment, is alleviative in nature (Afonso & Khan, 2019; Afonso, 2017; Khan, 2017). Its 'management style and structure being significant factors in suggesting impact' (Zaidi et al., 2007: xvi). Its detail is studied in subsequent chapters.

In sum the philanthropic priorities of front line charitable organizations is mostly needs based and alleviative in nature.

### ***Philanthropic choices***

The second theme identified is the philanthropic choices of individuals. Giving is a private and voluntary matter yet donors are also required to make a series of complex decisions and criteria for engaging in philanthropic activities (Breeze, 2013). 'Philanthropic giving is not a one-step process involving a binary decision of 'to give' or 'not to give' (Breeze & Mohan, 2016: 69). For example, apart from the question what causes to support it involves other questions such as what to give, how to give, and when to give are also important to decision-making and require information, time, effort and resources of donors (Fiennes, 2012; Harvey et al., 2019; Breeze & Mohan, 2016; Breeze, 2013; Simon, 1981).

The decision *what to give involves* whether to give in cash, in kind or volunteer one's time. Philanthropic donations of individuals, families and corporates are made in all the three forms of giving. Decisions on *how to give* involve deciding between giving directly to beneficiaries or indirectly through some institutional arrangement. Corporates give through their foundations, but individuals and families mostly engage in direct informal giving to those around them (a family member, or a neighbor in need). It is easier to identify and support those they know or in close vicinity for familiarity with their needs (PCP, 2016). Or individual level direct cash donations are frequently made in small amounts and are driven by compassion. While many welfare organizations either do not have the required mechanism of collecting small donations or do not rely on small donations such as Short Message Service (SMS) donations (PCP, 2016). In comparison to informal direct giving donations to front-line charitable organizations are generally more impactful in sustaining organizations that address problems afflicting many people (Amjad & Ali, 2018). However, donor's giving decision of *when to give* is driven by the desire to give during their life time. Most donations support ongoing operations and few organizations like SKMCH and Akhuwat create endowed funds

that yield a continuous stream of income into the future. Most financially stable and long-lived charitable organizations exist because of the continuous stream of income that such endowments provide (Harvey et al., 2019a).

Despite the belief that giving decision is need based donors may also support causes that they prefer (Breeze, 2013). Therefore, the decision *whom to give* may be influenced by location and geographic areas, or are context driven (Bekkers & Wiepking, 2011; Mackenzie et al., 2019). The interviewees at PCP disclosed similar arrangement made by some of the corporates. For example, the Pakistan Services Limited promotes community welfare projects and cottage industry around their resorts in distant areas. Power companies like the Hub Power Company (HUBCO) in partnership with local NGOs train local communities in fishing near its power plant (PCP, 2016). While Engro foundation defy all odds of tradition and societal norms made gender specific interventions in Thar desert to train female dump truck drivers enabling them to expand horizons and work for a coal mining company. The Fauji Foundation and Al Shifa Trust though based in major cities also deliver services in remote areas of the country, through eye camps or operate through mobile health units in remote areas around their business sites. Some like the Customs Health Care Society (CHCS) in collaboration with Global Giving foundation tackle water crisis in the drought hit remote desert area of Tharparkar desert, where wells are the only source of sweet drinking water for families, livestock and now for irrigation purpose (Jah, 2017).

International foundations either prefer to engage directly in the field themselves and address needs in kind, or the development agencies choose to give grants, technical assistance, soft loans and equipment. For example, a healthcare expert at Hayat Teaching Hospital (HTH) explained the giving preference of an international NGO that delivered health services to locals:

‘It donated hospital equipment to us .... funds for a Digital Radiography machine for quick and accurate X-rays, a Gynecology unit and an operation theatre. This was a great support for people of this area (Interview with Professor at HTH, 2018).

In sum philanthropic giving remains to be strategic. Donors give directly or indirectly in cash, time and in kind depending on social needs, location and context. Individual donors in the main prefer giving in their own lifetime rather than building endowed funds from which disbursements are made from returns on investments

### ***Philanthropic regulations***

The third theme identified is the philanthropic regulations in place to regulate and institutionalize philanthropy in Pakistan. With the growth in charitable organizations and large



donor funds in the hands of these organizations, issues of trust and transparency arise (Amjad & Butt, 2019). Therefore, regulation is a fundamental tool that lends transparency and helps realize the potential for increased philanthropically funded front-line charitable activity. Without a sound accreditation regime both national and international donors will be reluctant to fund charities for fear of misappropriation of funds<sup>27</sup>. A senior executive of a social sciences research-based organization, sustainable development policy institute, expressed his views on regulatory environment on philanthropy in Pakistan:

‘Philanthropy is an integral part of our society and people mostly give for social good and for religious motivation. Recent dubious anti-state activities of some organizations have led to the concern for monitoring them. Now the regulations are getting stringent and it is becoming difficult to apply for foreign funds’ (Interview with Joint Executive Director at SDPI, 2018).

Under the present regulatory framework, and PCP certification data shows most charitable organizations are registered under one of the four laws: The Companies Act of 2017, the Voluntary Social Welfare Agencies Ordinance of 1961, the Trust Act of 1882, and the Societies Registration Act of 1860 (PCP guide book, 2019). In addition to these laws, charities may be registered at the local, provincial and federal levels (Amjad & Butt, 2019). The securities and exchange commission of Pakistan also has separate CSR guidelines (SECP, 2013) and registration rules for charitable organizations. It also issues guidelines to combat money laundering under Countering Terrorism Act of 2010, the Electronic Crimes Act of 2016, and the Associations with Charitable and Not for Profits Object Regulations of 2018. The concerns of one regulatory authority officer were expressed as follows:

‘No doubt philanthropy is a powerful tool provided the philanthropic organizations are genuine and use correct ways to do their work. Many use philanthropy as a tool to park their funds and often rotate their funds here and there. This is an area where our laws need to be strengthened.’ (Interview with Additional Registrar Nonprofits at SECP, 2018)

Philanthropic organizations are also required to register with the government’s Economic Affairs Division (EAD) and obtain a no objection certificate (EAD, 2013). The Interior Ministry has a different set of requirements for vetting local and international

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<sup>27</sup> Governments in developing countries encourage philanthropy through regulations of philanthropic organizations and concessional tax policies. It recognizes giving and innovative practices of the philanthropic organizations are important for responding to community needs in agile and changing economic conditions (WINGS, 2014). However, research studies show philanthropists respond differently to tax incentives and may not necessary always increase giving (OECD, 2018) At the same time its policies can set limits on international giving like the anti-money laundering regulations discourage philanthropy and make it harder for philanthropic organizations in developing countries to get foreign assistance (Pickering, 2015 , Carothers, 2015 ).

organizations receiving foreign funds. They submit their annual activity plans for screening to ensure they remain true to their charitable purpose and objective. One government official at EAD commented:

‘After 2013 all foreign funded organizations are required to register with the EAD and have to submit an annual plan to the EAD to check the capability of the philanthropic organizations. There are many genuine foundations doing some real good work that is evident from their annual plans and progress. Government definitely welcomes professional organizations to share the burden and participate in the well-being of our people particularly in the areas of health and education. What is important is the funds received by these organizations must specify philanthropic activities in their annual plans with tangible outcomes’ (Interview with Section Officer at EAD, 2018).

These observations confirm that building trust in philanthropic organizations is essential to the growth of the sector. Without effective regulation and certification, it is possible that some philanthropic funds are diverted towards anti-state activities, extremism and terrorism. However, to support philanthropic activities, the tax authority FBR has issued two tax ordinances and a set of administrative and management benchmarks for charitable organizations against which they are entitled to tax benefits. Generally, all charitable organizations get some benefits and concessions, but those having an approved tax status get additional benefits of 100 per cent tax credits, exemptions on utility bills, property income, custom duties, and on advance payment of taxes (Imtiaz, 2017a). This policy grants tax credits to taxpayers for donations given to qualifying charitable organizations. One condition, under the Finance Act of 2017, is to limit the administrative spending of charities to 15 per cent of income to discourage misapplication of philanthropic funds. Any administrative expenditure in excess of 15 per cent is taxed the aim is to discourage expenditure on the purchase of luxurious vehicles and high salaries (Imtiaz, 2017b). A tax consultant comments on the new Finance Act 2017 illustrates why such measures are necessary:

‘If the subsidy given to the charitable organizations is not passed on to the people then what is the purpose of getting tax benefits. FBR is giving tax concession for public utility and if organizations put all expenditures in administration where is the public good element. So a benchmark is set to distinguish those not fulfilling the public utility condition’ (Interview with Tax Consultant at PCP, 2018).

In practice, incentives and tax concessions may not always encourage giving (PCP, 2018) Nevertheless, it is in this context that the PCP was established in 2001 as a designated certification agency under the authority of the FBR. The mission of the PCP is to enhance the volume and effectiveness of indigenous philanthropy for social development in Pakistan. It does so by ensuring that charitable organizations are fit-for-purpose, legally compliant, and

certified to philanthropic donations. In this way, donors are reassured that their generosity is not abused. More than 1,000 nonprofit organizations are now accredited, including all the main front-line charities and social purpose organizations in Pakistan. Certification guarantees that an organization has sound structures and systems to deliver services effectively and efficiently. The certification programme has gone a long way toward bringing transparency, accountability and good governance to the nonprofit sector in Pakistan.

#### **4.7 Conclusion**

I began this chapter by posing the question *how important is philanthropy as an instrument of socioeconomic development in Pakistan?* Having reviewed the available statistical evidence, it is now possible to give a qualified answer, which is that the full potential of philanthropy as an instrument of socioeconomic development in Pakistan is yet to be realized. It is important in specific localities and fields, but philanthropic giving in its entirety is currently insufficient to make a big difference to the plight of most of the people of Pakistan. Total philanthropic giving, indigenous and foreign, by individuals and families, companies, philanthropic enterprises, trusts and foundations is dwarfed by government spending, and, after adjusting for inflation, it has grown little over the past two decades, although overseas private philanthropy and corporate philanthropy have increased significantly from a low base. Moreover, the greater part charitable giving by individuals and families, whether living in Pakistan or abroad, is from household to household within extended family networks. As such it is not strategic and does not, strictly speaking, qualify as philanthropy, which occurs ‘when the donor is under no compulsion to give, when the gift benefits people with whom the donor is not directly connected, when the gift is made from the donor’s own resources, and when the donor receives no direct economic benefit as a consequence of making the gift’ (Harvey et al., 2019).

The data from expert interviews provides perspectives on the philanthropic priorities, philanthropic choices and regulatory environment. The choices of giving vary among donors but their philanthropic priorities are alleviative and pressing needs like education, healthcare and community development are the most common areas that have gained philanthropists attention. Regulatory environment in Pakistan attempts to institutionalize philanthropy and supports professional philanthropic organizations engaged in new social value creation.

However, these facts should not obscure the fact that philanthropy already supports large numbers of front-line charities and social purpose organizations across the country, and that a small minority of these operate at scale, making a large contribution to society in meeting unmet social needs within their respective fields. This significant but still marginal contribution

to socioeconomic development, I suggest, offers hope for the future because philanthropy has proved what it can do when circumstances are favorable. In Pakistan, philanthropy does its best work in providing essential funding to support large, progressive front-line charities and social purpose organizations operating the spheres of education, healthcare and community development. There is abundant potential to do much more. Pakistan may be classified as a lower middle-income country, but it has many wealthy people and some super-wealthy people. The paucity of indigenous grant making trusts and foundations, whether independent foundations or community foundations, suggests that the entrepreneurial class that has benefited most from globalization is not doing enough, given the means at its disposal, to support the growth of the voluntary sector. Likewise, there is considerable scope for large, successful companies to engage more generously in corporate philanthropy to support the communities in which they are embedded. The same charge of inadequate concern for the plight of the needy applies to the mega-rich independent trusts and foundations based in the US and Europe that, whatever their rhetoric of compassion, predominantly serve the interests of people in their home countries.

The argument made in this thesis is that government of Pakistan cannot alone meet the all the challenges of poverty, hunger, illiteracy and inequalities that confront the country. It needs more help on a sustained and systematic basis from wealthy people and wealthy organizations from inside and outside the country. Government has been and remains the pivotal actor in socioeconomic development. However, resource constraints and lack of crucial knowledge and capabilities mean that government is more effective when working in partnership with trusted partners. Critical in this respect is the need to work in tandem with public companies, international NGOs, and large front-line charitable organizations and social purpose organizations with the potential to grow the scale and scope of their activities. Continued collective efforts are essential to the accomplishment of broadly based socioeconomic change. While foreign assistance has in the past been supportive of socioeconomic development in Pakistan, it has not been transformative. Philanthropically funded voluntary organizations are a vital source of strength for Pakistan in pursuit of more rapid development, helping bridge the gap between the needs of the population and government provision. The requirement is to recognize build on what has already been achieved by progressive front-line charities and social purpose organizations.

In the following three chapters, I develop the argument made in the preceding paragraph. I do so by drawing on original case studies of five leading Pakistani philanthropic organizations. Three of these are large front-line charitable organizations that are major

beneficiaries of philanthropy: the SKMCH, based in Lahore, the Al-Shifa Eye Hospital Trust, based in Rawalpindi, and the world's largest interest free microfinance organization, the Akhuwat Foundation, based in Lahore. The fourth case study is of a corporate foundation, the Engro Foundation, the philanthropic arm of the Engro Corporation, a multinational conglomerate based in Karachi with subsidiaries involved in production of fertilizers, foods, chemicals, energy and petrochemicals. My final case study is a rare example of a philanthropic enterprise operating numerous commercial businesses to support a wide range of social purpose organizations benefiting ex-servicemen and their families.

## Chapter 5 - The Motivations to Engage in Philanthropy

### 5.1 Introduction

This chapter explores the reasons why individuals engage in philanthropy and identifies the factors that motivate them to establish charitable organizations. It also seeks to ask why some of the *Pakistani elite embrace philanthropy as a vehicle for social change and others, do not*. Many of the factors that prompt philanthropy in developed countries have already been identified in the literature review and this chapter seeks to build on this in the context of a developing country. Many of the motivations that inspire giving are ubiquitous and therefore undetermined by wealth or social status. These factors are numerous and include, but are not limited to, empathy for those less fortunate, gratitude for one's blessings, satisfaction derived from helping others, religious motivations, the drive to give back to the society that nurtured them, tax incentives, family practices, personal prestige and many more (Breeze & Moody, 2016 ; Schervish, 2005, 2008; Lloyd, 2004; Ostrower, 1995). Conversely, there are some factors which are specifically associated with the wealthy, for example, prestige and status (Ostrower, 1995) or the desire to limit wealth to heirs (Schervish, 2005). The focus in this chapter therefore, is not on the general motivations for philanthropic giving which are, 'universal – too vast to address in a useful manner' (Maclean et al., 2015: 1624), nor is the purpose to explore philanthropic intent from actors in developed countries. It is specifically focused on trying to obtain a better understanding of philanthropy by the Pakistani philanthropists based on an interpretation of their in depth interviews available on the YouTube. The advantage of such interviews is it provides 'deeper insight into their social experiences' (Yin, 2018:118). Further 'intensive' or 'in depth interviews' (Weiss, 1994: 207-208 as cited in Yin, 2018; 118) allow sharing of personal views in order to co-construct stories (Rapley, 2007), In obtaining an in depth understanding of perspectives of a phenomenon (Kvale, 2007), valuable data is gathered available in their autobiographies about the viewpoint on motivations for engaging in philanthropic activities, why they give and the choice of a cause they make.

Abundant literature is available on who gives, but little is known about why the wealthy give (Bekkers & Wiepking, 2011; Bekkers & Wiepking, 2010; Havens et al., 2006, Breeze, 2013). In fact the literature provides a variety of possible explanations as to why the wealthy give or engage in philanthropy (Harvey et al., 2019; Breeze & Mohan, 2016). In actual fact, a combination of a variety of factors tends to motivate giving (Bekkers & Wiepking, 2010, Breeze, 2013; Breeze & Lloyd, 2013) and philanthropic behavior differs vastly across cultures

and nations (Pharoah, 2016; Valeria & Geoffrey, 2021). These differences reflect the differences in historical, religious, sociocultural and legal background, as well as the socioeconomic needs of nations who have a diverse range of socioeconomic standards.

This chapter is organized in a conventional manner; the first section provides an introduction, the second focuses on the personal background and philanthropic journey undertaken by the philanthropists in the selected cases. Section three identifies a set of themes that were derived from the interviews. The following five sections discuss the set of these and explain the motivations for the five founders to engage in philanthropy. The final section provides a short summary and conclusion to the chapter.

## **5.2 The background of selected philanthropists in Pakistan**

This section presents an overview of the personal background of the philanthropists selected for this study. Table 5.1 provides useful information in exploring what factors in the first place shaped them to become influential individuals in the field of philanthropy. The objective is to gain a better understanding of the factors which may have formed their habitus and influenced them to become successful individuals in their life careers as well as in the field of philanthropy.

What is it about their philanthropic journey that led them to become highly motivated philanthropists? How and why did they establish charitable organizations to directly and systematically engage in socioeconomic change? We also seek to better understand both the similarities and differences in respect of philanthropic motivations and to build a picture of the rewards, both tangible and intangible that they receive as a result of their involvement. The data reported in Table 5.1 indicates that all the five philanthropists were of varying ages when they began to engage in philanthropic and welfare activities. Some engaged in philanthropy at a younger age while others pursued philanthropic activities at the end of their working life. Four of the charitable organizations were established by their founders during the 1990s and 2000s, except the Fauji Foundation which was found much earlier in 1954. Three of the philanthropists (Imran Khan, Dr Amjad Saqib and Hussain Dawood) in our study tended to establish their charitable organizations locally from their home cities while two of them (Ayub Khan and Jahan Dad Khan) choose to establish the headquarter of their charitable organizations close to their supportive networks and for other logistic reasons. This implies that their supportive local networks were critically important in getting their projects off the ground (Shaw and Carter, 2007; Zahra et al., 2009).

**Table5.1: Profile of selected founders of charitable organization**

<b>Name</b>	<b>Ayub Khan</b>	<b>Hussain Dawood</b>	<b>JahanDad khan</b>	<b>Imran Khan</b>	<b>Amjad Saqib</b>
<b>Life period</b>	1907-1974	1943-	1929 - 2011	1952 -	1957 -
<b>Foundation</b>	Fauji Foundation	Engro Foundation	Al Shifa International Eye Trust	Shaukat Khanum Memorial Trust Cancer Hospital	Akhuwat foundation
<b>Location</b>	Rawalpindi	Karachi	Rawalpindi	Lahore	Lahore
<b>Year</b>	1954	2009	1991	1994	2001
<b>Education</b>	Aligarh Muslim University, Royal Military College at Sand Hurst , UK	Engineering, Sheffield University, UK.MBA, Kellogg School of Mgt, US	BA Honors, Staff & Command College Pakistan	Atchison College. Royal Grammar School Worcester, UK. BA, Oxford University, UK	Graduate King Edward Medical College, Master Washington, USA
<b>Occupation</b>	President & Prime Minister, Minister Defense & Interior, Field Marshall	Entrepreneur, Member world Economic Forum,	General Retired, Governor, Chairman Red Crescent	Cricket super star ,political leader , Prime Minister [2018	Bureaucrat, & Social-entrepreneur
<b>Father's occupation</b>	Viceroy's Commissioned Officer (VCO)	Merchant/ Entrepreneur/ Philanthropists	Community social worker	Engineer Imperial College London, 1946 philanthropist.	Civil servant & philanthropist
<b>Motivation</b>	Earn to serve ex-service men	Family history of charity	Blind daughter, A WHO report	Mother diagnosed with cancer	Family history of charity
<b>Awards &amp; recognition</b>	Field Marshall, Hilal - I -Jurat. Nishan - I - Pakistan, Hilal - I - Pakistan, Order of the Crown	Human relations/ Life Achievement Award, Marketing Association of Pakistan. Ufficiale Ordine Al merito della , Italy. Asia Responsible Enterprise Award , 2019 Taiwan	Hilal - I - Imtiaz Military, Civil award	Hilal I Imtiaz, Pride of Performance, Honorary fellow Hall of Fame, Oxford University Honorary Fellow Royal College of Physicians, Chancellor Bradford University Humanitarian awards	Sitara Imtiaz, Thomson Reuters/ Abu Dhabi Islamic Bank lifetime Achievement Award, 31st Commonwealth Points of Light Award, Schwab Foundation, Social Entrepreneur

While the initial years of these charitable organizations proved to be a phase of learning and researching to perfect their models. However, overtime they were able to offer their services to other regions of the country as well (Zahra et al., 2009).

Their family background including their father's occupation and social class at birth shows all the philanthropists belonged to the working class group and their fathers were in



government service, except one who belonged to a wealthy entrepreneurial background with a track record of philanthropy stretching back 100 years. Therefore it would be accurate to comment that the majority of them rose to prominence through hard work and personal effort. Some had the resources to attend prestigious educational institutions while others had the opportunity to receive trainings from world class institutions during their careers which must have positively contributed towards their successful careers in life (Bourdieu, 1986).

The individual motivations described in the stories of philanthropists interviewed in this study reflect deep similarities in the factors influencing the motivations to engage in philanthropy and in developing their philanthropic identity. For instance, with only modest financial support, Imran Khan and Jahan Dad Khan established specialized healthcare charitable organizations for the first time in the health sector. While Dr Amjad Saqib established the first interest free micro finance loan programme in the country. They developed innovative organizations addressing societal needs which have since been emulated by others. Being new in the field they leveraged their social capital for support and to raise funds and later they also began to engage in income generating activities to sustain their philanthropic programmes. In contrast, Hussain Dawood of the Engro Foundation tended to convert the economic capital contained within the parent organization into other forms of capital. For example, it helped in broadening their influence from the corporate domain to the social networks and political domains, whilst also helped in enhancing his access to other fields of business (Harvey et al., 2011).

Finally, the last column of Table 5.1 notes the rewards received for their philanthropic activities; these range from elevated positions in the society to national and international awards and recognitions. These awards represent a form of symbolic capital which facilitated the growth and expansion of their philanthropic activities (Shaw, Gordon, Harvey & Maclean, 2013). Perhaps more importantly, these awards help to cement the trust of donors and supporters, thereby supporting increased levels of financial donations.

### **5.3. Data analysis and identification of motivational themes**

This section explores why these successful, wealthy and not so wealthy individuals were drawn towards philanthropy. The chapter specifies the factors that influenced them to commit themselves to their philanthropic projects. It finds the central importance of family in supporting their philanthropic endeavors. There were also several decisive factors or life incidents which tended to significantly influence the trajectory of their philanthropic journey; certain life incidents that had been instrumental in shaping an individual's thinking to the

possibility that philanthropy may offer. In other words, a few contributing factors are explored that acted as important determinants to engage in philanthropy. Each of the individual case serves to provide deeper understanding as how and why they become engaged in philanthropy.

Therefore this section discusses the factors that motivated the five major donors identified to engage in philanthropic projects of their choice. As will become apparent, many of the findings are congruous with earlier findings reported in the literature (Bekkers & Wiepking, 2016 [2011]; Schervish, 2005, 2008; Breeze & Mohan, 2016; Harvey et al 2011, 2019). However, we argue that, the five philanthropic organizations directly address educational, health and income inequalities, and are more focused on addressing unmet social needs as model organizations in contrast to those in developed countries aiming at world making. Their hyper agency and power differentiated by ownership of capital is not meant for world making rather they address most fundamental unmet social needs. Though sustainable socioeconomic change remains a big challenge for all the five cases, it is far more challenging for the three social entrepreneurs of independent foundations with heavy reliance on external funds in the form of donations. Table 5.2 below illustrates the five motivational themes that influenced the philanthropists to decide and engage in philanthropy. To identify the key motivational themes of engaging in philanthropic activities the Gioia inductive data analysis method was applied (Gioia et al., 2012).

Step one of the analysis involved coding of constructs from the interview data collected during the field work. A total of 80 first order codes were identified, these were systematically grouped to identify 24 second order themes or motivation concepts. Each of these is identified with a set of first order codes and quotations, and some of these are illustrated in Table 5.2. From the second order grouping five aggregate dimensions were derived as key motivational themes that the interviewees discussed were instrumental in influencing them to undertake their philanthropic journey. These themes seem to be considered as primary motives of interviewees for engaging in charitable activities: family background of philanthropy, personal experiences and observations, religious aspects, giving back and the rewards received, and socioeconomic change. The Gioia method involves sensemaking from raw data to thematic generalization. In this process data is distilled and similar expressions are grouped under a set of few defined thematic headings. These themes help to answer the research question which is the focus of this chapter. These also indicate that besides the most significant motivational factor there were also other motivational factors that influenced the decision to contribute towards public good.

**Table 5.2: Motivational themes to engage in philanthropy**

Illustrative quotations	2 <sup>nd</sup> order themes -motivation concepts	Aggregate dimensions
My parents, family members, and teachers shaped my thinking. My uncle was my role model he set up a charity in 1965. I followed his footprints Akhuwat.	<i>Family members</i> Role model , Family charity	Family Background
Our family values are at the heart of many acts of charity and these acts have become multi-generational traditions Engro.	<i>Family values</i> Charity a tradition	
My father was a social worker and seeing him working for the welfare of people had inspired me to engage in social work Al Shifa.	<i>Father a social worker</i> Community welfare	
My mother had cancer and there was no treatment available in Pakistan and I began to wonder how the poor deal with such illnesses SKMCH	<i>Personal incident</i> Mother's illness	Personal incidents and experiences
A WHO report indicated that 85 per cent of the blind could be cured convinced me of the need to develop eye hospitals to treat the 3 million blind Al Shifa.	<i>Personal experience</i> Need for eye hospitals	
My philanthropic journey started with a loan of \$ 100 to a poor widow who asked for an interest free loan to earn her livelihood Akhuwat.	<i>Personal experience</i> Loan to a poor woman	
In my opinion qualitative success matters in life I mean human relations, practices of philanthropy, and showing compassion to the less fortunate Engro	<i>Personal opinion/</i> Qualitative success Showing compassion	
To solve the problems and difficulties of servicemen Fauji	Solve problems of ex-servicemen	
The day the hospital opened my faith in God was completed. I can never thank the Almighty God and the common man who helped me in building it SKMCH	<i>Faith in God</i> Gratitude	Religion
Most important part of life is we are answerable on the Day of Judgment Engro	<i>Religious duty:</i> think long term	
I derive my inspiration from the teachings of my religion about giving and sharing of money, time, belongings and even making a suggestion, and helping the poor to stand on their feet and live a decent life Akhuwat	<i>Teachings of religion</i> Giving and sharing Helping the poor	
Almighty God is merciful to all but not to those who neglect fellow human beings and the less privileged Al Shifa	<i>Blessings</i> Helping the less privileged	
We follow high ethical practices and do not pile up wealth Fauji	<i>Ethics</i> piling up wealth	
Being so successful in life and my country has given me so much it is my responsibility to give back to it AL Shifa	<i>Successful life</i> Give back	Giving back and rewards
When you get something you must give back, to treasure in life Engro	<i>Treasure giving back,</i>	
When I am not feeling good, I visit the hospital and feel better seeing the patients recovering SKMCH	<i>Time spent with patients</i> Feel good	
I am happy and satisfied when I work with people and solve their problems. I want to be remembered as an author of good work Akhuwat.	Happy and satisfied	
Serving humanity instills a great sense of satisfaction SKMCH	Serving , satisfaction	
Our commercial base is not an end in itself our ideology is 'Earn to Serve.' Fauji	<i>Ideology</i> ,Earn to serve	Socio economic inequality, self-help
Progress is a long and tortuous process, full of trials and errors Fauji	<i>Progress</i> ,Long process	
Combining business with social considerations matters Engro	<i>Social considerations,</i> matter	
My mission was to build a model hospital that treats everybody equal. I wanted to set an example for others to follow and create change SKMCH	Create change, equal care, a model hospital,	
My motivation was to offer free modern eye care facilities to the less advantaged patients in distant areas and save them from dependency Al Shifa	<i>Free treatment,</i> less advantaged,	
I decided to change the microfinance program for a better livelihood of the poor and give it a new direction Akhuwat	<i>Change microfinance,</i> better livelihood, poor	

The five motivational themes identified in Table 5.2 are discussed as below.

#### **5.4 Family background of giving**

The first motivational theme identified concerns the family background of giving of the selected philanthropists. Essentially, I find that the greater propensity to engage in philanthropic or socially orientated projects is if the family has history of doing the same. This reinforces Schervish (2008) view that philanthropy is deeply rooted in an individual's family background and inculcates the belief that they have a responsibility towards others. Further, a family history of giving is considered to be an important factor in the decision to participate in philanthropy (Lloyd, 2004). Along with family history of giving, habitus a process of personal experiences (Bourdieu, 1986), begins at childhood and influences beliefs, values and attitudes of individuals (Bourdieu, 1984). The respondents' family background and habitus had instilled strong giving value in them, which seemed to contribute to the development of their identity as philanthropists. For example, the family background of Chairman Akhuwat including his parents and close family members, as well as his teachers all had deeply influenced his personality since early childhood. Family philanthropic values had instilled in him caring for others which later became part of his personality as the quote mentioned below well illustrates his family background and his personal likes and dislikes:

‘My parents, family members, teachers and friends all have contributed towards my thinking. My maternal uncle Dr M Rashid was my role model he established a charitable organization Fountain House, Lahore, in 1965, and I wanted to follow his footsteps. I left civil service because bureaucracy is subservient to rules and regulations which limited my freedom of experimenting my own ideas. I am happy when I meet people and serve them. I cannot sit in an office and work behind closed doors’ (Interview conducted by Amal Academy with Chairman of Akhuwat, 2018).

Likewise, the founders of Al Shifa and Fauji Foundation wrote about their modest family backgrounds and involvement of their parents in welfare of those around them:

‘My father was an active social worker in the rural community of our area and right from early days, I had an inbuilt desire to follow the footsteps of my father’ (Founder Al Shifa cited in Khan, 2008:18).

‘My mother was a simple woman who spent all her life in the village... doing whatever she could do to help the village folk’ (Founder Fauji Foundation cited in Muhammad Ayub, 1967:1).

In the same vein founder and Chairman Engro Corporation grew up in a family entrepreneurial environment where giving values were recognized by the family as important. His father was a very successful businessman and had formed a private charitable organization by the name of Dawood foundation in 1961 to share its responsibility towards nation building

in the field of education. The family practices of entrepreneurship and giving values were ingrained in the next generation and Engro foundation was established in the same spirit as the charitable arm of Engro Corporation. As the quote below illustrates:

‘I was born in Bombay in a Memon family. My Dad was an extremely aggressive motivated, hardworking and a dynamic entrepreneur... He was known as the cotton yarn king in India and now we are in business for more than 100 years.... I completed my engineering from UK and did MBA from Kellogg Management School and moved back to Pakistan in 1968 to share family responsibilities of business. Combining business with social considerations through practices of philanthropy and charity is one of the many principles of my 50 years of entrepreneurship’ (Interview conducted by Amal Academy with Chairman, Engro Corporation, 2017).

Three of the respondents attributed their upbringing and direct involvement of their parents in giving, as a central factor in the development of their own philanthropic identity. The factors that influenced them to give were the strong family values and religious teachings, in Islam it is important to show generosity and empathy towards those less fortunate. These values tended to be formative, laying the foundation for engagement in philanthropy and social service, later in their life. These responses also reflect the relevance of Bourdieu’s theory in so much as habitus is influenced through learned behavior and perceptions formed in early childhood, family background and their social interactions.

Their family background is also reflected to some extent in their educational and professional achievements. Some were fortunate to have received school and higher education from prestigious educational institutions, whilst others excelled professionally and had the opportunity to receive considerable professional training in their respective fields, from premier local academies, and world class center of excellence. Family background, habitus, and the educational and training institutions acted as a ‘power source’ (Swartz 1997: 75) that instilled in them strong work ethics and enabled them to accumulate social and cultural capital and convert it into other forms of capital (Savage 2015). Educational institutions and professional training are one way through which accumulated social and cultural capital can be transmuted into other forms of capital (Savage 2015). Besides the advantage of obtaining education and training at the best institutions, there are other point of view, create powerful and large networks that leading educational or training institutions are known for. The following quote illustrates the founder of Akhuwat who as a social entrepreneur and philanthropist is member of a number of boards is well connected with the top most bureaucracy of the country:

‘I had known many friends and colleagues since my days in the civil service they helped me in getting partnerships with provincial governments and interest free capital’ (Interview conducted by Amal Academy with Chairman, Akhuwat, 2018).

It is no surprise that the founder President of Al Shifa enjoyed the support extended by his top ranked military colleagues even after retirement as a gesture of comradeship and also of a large network of other influential individuals at home and overseas with whom he had developed good rapport. During the field visit a senior officer who closely worked with the founder disclosed that because of the founder they still have a great advantage of good personal relations with all serving and retired top defense personnel. He had a remarkable network of friends and supporters among the Diaspora in United Kingdom, the USA and Canada. Many of those people held great esteem and affection for the General and showed their generosity in supporting the trust.

Quite similar to the President of Al Shifa, the management of Fauji foundation takes pride in their own capabilities and support of influential colleagues. They derive their resourcefulness and support from their connections with the influential people who are very well connected and have common interests. These like-minded individuals have determination and are also trained to deliver results.

The Chairman Engro Corporation having cultivated a long standing relation with international organizations has been able to win their support as a partner of choice in delivery of social services. The quote illustrates:

‘We are supported by international financial institutions and they rate us the most outstanding social service providers that they have funded’ (Interview conducted by Amal Academy with Chairman, Engro Corporation, 2017).

The case of Chairman SKMCH is quite different despite enjoying a celebrity status, a network of influential individuals, and economic support of many friends, yet he took many years to materialize his dream as many could not visualize how to start the project. He needed someone close and experienced having the required specialized knowledge and cultural capital to plan and initiate the project successfully. During the field visit a senior medical director explained how Dr Nausherwan K Burki, Professor of Medicine at the University of Connecticut Health Center in the USA, a cousin of Imran Khan, played a big role in setting up the Lahore hospital and also the Peshawar hospital. The founder obviously had good connections which was a big help.

In summary, their family and educational background, their work experiences and social interactions can be attributed to Bourdieu’s notion of habitus (Bourdieu, 1986). Habitus is a

process that starts from early childhood and influence mental perceptions and actions of individuals, and is also acquired through an individual's own experiences during the socialization processes (Bourdieu, 1986). It is also socially learned dispositions and skills developed through everyday life interactions (Maclean *et al.*, 2006), and are critical in the decision to participate in philanthropy (Lloyd, 2004). In this process the past experiences of individuals influence their outlook about the social world, beliefs, values and attitudes (Bourdieu, 1984). This process converts and transmits economic and cultural capital to the next generations through educational institutions attended and the networks of relations they form which then support them in their endeavors to create social change and engage in philanthropy.

Although the family background played an important role in shaping the careers and giving practices of the five philanthropists, it explains half of the truth in the success they have attained in their professional and philanthropic careers. As explained below certain personal experiences and close observations in their lives also played a vital role in shaping their thinking about philanthropic activities.

### **5.5 Personal experiences and observations**

The second motivational theme identified is personal experiences and observations of the philanthropists interviewed. A deep engagement with philanthropy linked to an individual's life experiences is also reported in the literature (Breeze, 2013). Prior experiences are the main factor that led to the decision of most of the philanthropists to engage in philanthropy. Certain life experiences have a strong influence that change the way of thinking and bring the realization to think about philanthropy. For some, a personal experience of a family member's death or illness as in the case of Imran Khan and Jahan Dad Khan, or some after observing poverty decided to help the less privileged. In all the five cases personal examples influenced them to engage in philanthropy and gradually shaped their philanthropic motivations. It involved planning, discussion with family members, friends or colleagues and the resources needed before they actually engaged in philanthropy. The data suggests that personal experiences are those incidents that an individual himself or herself goes through. While personal observations are incidents that a person may not go through but which may be learned through others, a community or some other means of learning and communication like reports and research studies.

Table 5.3 illustrates both the personal experiences and observations of the selected philanthropists studied. The motivation to engage in philanthropy as shown below are either influenced by certain life changing personal experiences or personal observations made that

make them think deeply about their own success and the lives lived by the less fortunate. These experiences led some to engage in philanthropy and welfare activities either during their careers or after retirement from their careers while some took early retirement to be able to devote time to welfare activities.

**Table 5.3: Personal experiences and observations**

<b>Selected Founders</b>	<b>Personal experiences</b>	<b>Personal observations</b>
Chairman SKMCH	Mother diagnosed with cancer	Seeing poor cancer patients unable to pay for treatment
President Al Shifa eye trust	A blind daughter, and thought of pursuing some welfare activity utilizing his experience after retirement	WHO statistics on 3 million blind in Pakistan who could be cured convinced him of the need for establishing eye hospitals
Chairman Akhuwat	A poor widow asked for an interest free loan of \$100	Personal observations of rural poverty
Chairman Engro	Family history of philanthropy	Community empowerment around plant sites in Sindh and Punjab
Founder Fauji Foundation	Personal experiences of hardships as a dependent of an ex-serviceman	The need for institutional welfare reforms to address the personal and professional problems of service men and ex-servicemen of a newly formed country

Often, life-changing events or illness created the desire to engage in giving activities. Philanthropy was therefore, an emotional and empathetic way of showing their ‘love of humanity’ (Sulek, 2010a: 196) Johnson’s dictionary defines philanthropy as simply love of mankind; good nature (Johnson, 1979) and ‘warm glow’ (Andreoni, 1989: 1448; Andreoni, 1990: 464). Likewise, a desire to live an ethical life and donate surplus funds to welfare causes (Singer, 2009, 2015) was also extremely important in developing philanthropic identities. Caring for the less fortunate gives a purpose in life and, simultaneously, helps to create positive social image for givers (Maclean, Harvey & Chia, 2012). Seeing the positive outcomes of their philanthropy creates intense satisfaction and positive psychological capital referred to as ‘the four positive psychological capacities of confidence, hope, optimism, and resilience-four states’ (Luthans, Luthans & Luthans, 2004:46; Smith & Davidson, 2016 [2014]). It also builds the morale of the recipients of welfare activities area of study not well researched so far.

The respondents combined their wealth and time with their experience to devote to a purpose, most likely not well supported by the government (Zahra et al., 2009). The Punjab government was not able to establish a cancer hospital for the amount of resources involved. While chairman SKMCH reflected on his personal experience when his own mother was diagnosed with cancer and explains in the following quote how it changed his thinking:



‘It was the most painful experience I had ever gone through, you know watching her die and specially suffering...her pain probably changed my whole course of life. Pain is a teacher and makes you look inside yourself and do soul searching. That I did when my mother passed away and decided to build a cancer hospital where the poor get free treatment’ (Silver jubilee ARY Digital Telethon with Chairman SKMCH, 2020).

During his mother’s treatment he also observed the helplessness of poor patients in the hospital who could not afford the expensive treatment and it made him think of them. He began to question how the poor deal with such illnesses. He could relate and identify with their sufferings and felt sympathetic towards them. Philanthropy was one way of helping to ensure others would not encounter the same situation as him. As a result of his wealth, idealism and what others view as hyper agency (Schervish, 2003.2005), he made a long term commitment to address the vulnerabilities of the disadvantaged in the health sector, not actually knowing how challenging it is to run a cancer hospital and provide free treatment to the disadvantaged.

Comparable is the personal experience of General Jahan Dad of Al-Shifa, the birth of a blind daughter, as disclosed by a senior executive during the interview, and his observation based on a WHO health report that he read about blindness motivated him to establish his philanthropic foundation. He wrote in his book the ‘Al-Shifa A Beacon of light’:

‘As Governor Sindh and President Red Crescent, I came across a World Health Organization (WHO) report that indicated the world’s 2.3 per cent people suffered from eye ailments and of these 85 per cent of the blind could be cured. It convinced me to develop tertiary eye hospitals as centers of excellence, for the treatment of the 3 million blind in Pakistan’(Founder of Al-Shifa cited in Khan, 2008:19).

Similarly, it was the personal experience and observations of Dr Amjad Saqib, Chairman Akhuwat that influenced him to engage in interest free microfinance. The experience of a farmer’s widow walking into his office and asking for a small interest free loan profoundly affected him. The quote below illustrates his motivation to start his philanthropic journey:

‘My philanthropic journey started with a loan of \$100 to a widow who came to my office and asked for *Qardze Hasan* [interest free loan] to earn her livelihood. She took the money and set herself a small sewing business. After sometime she came back with the money. She not only returned the money but also gave a message and said do not put the money back in your pocket instead lend it to someone like her for a better livelihood. This is the beginning of Akhuwat’ (Interview conducted by Amal Academy with Chairman of Akhuwat, 2018).

Also during field visits, as General Manager Rural Support Programme he found rural poverty and economic backwardness quite disturbing. He came across many cases of poverty, and became aware of their criticism of microfinance. Apart from criticism of microfinance

from scholars and researchers he discovered the poor also did not want to indulge in interest based microfinance<sup>28</sup>. It made him think of finding new ways to support them have better lives.

Hussain Dawood of the Engro foundation took a long term view of life and saw a purpose beyond profit making which also brought meaning to his commercial activities. In his view, happiness only comes in life when qualitative success is achieved by building human relations and caring for others through practices of philanthropy and charity. His values set him apart from those entrepreneurs who only strive to achieve quantitative success in life, as not all entrepreneurs engage in philanthropy (Harvey & Maclean, 2008). In his view transformative change takes decades because it involves a long-term view of life; changes in human behavior occur as a result of personal experiences. Such changes help in making wise decisions and judgments and guide human behavior and attitudes towards others in showing compassion. For him the decisions made in life are like the waves on the shore; little by little the waves come in and build the beach and sand and that is how one builds life. The following quote illustrates his motivation to engage in giving;

‘In my opinion happiness and contentment comes when you achieve success. Quantitative success is having a lot of money which comes and goes. While, qualitative success matters in life I mean human relations, practices of philanthropy, and showing compassion to the less fortunate. I have observed and experienced that the more you give the more you get that is for sure. Remember the human factor and that is the part that you should strive to achieve so that you will treasure and take it with you’ (Interview conducted by Amal Academy with Chairman, Engro Corporation, 2017).

The founder of Fauji foundation had a different view he as a son of an ex-serviceman and later an active serviceman had personally experienced the difficulties faced by them.<sup>29</sup> Later as Commander in Chief he had the opportunity to undertake a few institutional welfare reforms and wrote in his book ‘Friends not Masters’;

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<sup>28</sup> Critics of high interest rate on micro finance argue it pushes the poor into larger debt, loan default, and a vicious circle of poverty (Burney, 2008,; Nuruzzaman, 1997; Chowdhury, 1999; Karanshaw, 2007). Also credit is ‘one door through which people can escape poverty’ (Yunus & Jolis, 1998: 124 as cited in Kaleem & Ahmed, 2010: 410) and other innovative practices of microfinance that facilitate the poor are missing (Saqib, 2016). One such instrument in Islam is *Qard-e-Hasana* (interest free loans/deposits as an act of benevolence).

<sup>29</sup> My father had the greatest influence of all on my character, outlook, and attitude towards life. I remember him as a friend, extremely gentle, pious, and affectionate. He had a sensitive and understanding mind and I always found great mental satisfaction in his company. He was a Risaldar Major in Hodson's Horse, had a large family, and the income from his army pension and tire land was limited. But he was determined that I should get proper education. I was admitted to a school ... which was four miles from our house. It was a tough routine to be woken up day after day and to be placed on the back of a mule early in the morning. My mother used to put my primer and other school books, along with what she called my 'ration', in a bag. I would get back home by about three o'clock in the afternoon, hungry and tired (Muhammad Ayub, 1967: 2-3).

‘To solve the problems and difficulties of servicemen new medical centers and hospitals were set up, trained and efficient doctors and nurses were provided. While it took me some time to resolve the financial problems the ex-soldier and his dependents were also taken care of through the investment of the pre-Partition post-war reconstruction fund. A number of colleges were established.... and a chain of public schools were started. All these reforms had immediate impact...’ (Founder Fauji Foundation cited in Muhammad Ayub, 1967: 41).

One of the key themes that was repeated amongst many of the interviewees was that philanthropy is one way of supplementing government spending in order to respond to social problems in society’ (Interview with Researcher PCP, 2018). Similar views were expressed by two other interviewees ‘philanthropy supplements government’s efforts in the fight against blindness and visual impairment’ (Interview with Administrator Al Shifa, 2018) whilst the General Manager Health of the Fauji foundation commented ‘It is our responsibility to contribute towards welfare projects as government alone cannot cater to the needs of the people’. Other interviewees had personal reasons and added ‘the men and women associated with Al Shifa went voluntarily to every nook and corner of the country seeking to transform the dream of the founder into a reality. Most of the workers here are motivated for their own personal reason including myself’ (Interview with Resource Generation Manager and Beneficiary, Al Shifa, 2018). Another employee stated ‘I was diagnosed with cancer and when I recovered I decided to use my time and energy for someone who has nothing in life...when you decide to do something good the universe conspires to make it happen. I met Dr Saqib and instinctively knew this is where I belong. When you know the poor are counting on you and if you fail they will suffer that is how I wake up early morning , and work till late afternoon every day’ (Interview with Head Marketing and Communications Akhuwat, 2018). A young beneficiary and employee of SKMCH shared her personal experience ‘I daily take a round of wards and when the patients see that I have recovered they listen to me, start eating their food, I give them hope that if I have recovered they are also going to recover’ (Interview with Employee and Beneficiary SKMCH, 2018). Some had the passion to work for a ‘poverty free society based on the principles of compassion and equity’ (Interview with Chief Credit Officer Akhuwat Foundation, 2018) and ‘extend a helping hand to the most marginalized and disadvantaged’ (Interview with Manger Cloth Bank Akhuwat, 2018).

However, the real passion for social work comes from the volunteers as a volunteer added ‘I graduated from Lahore University of Management Sciences (LUMS) and they really make you think about the world you are living in and the way out. In Akhuwat I found a way out. I was working for Punjab government but the motivation of personal contribution was not

there' (Interview with a Volunteer Akhuwat Foundation, 2018). An employee at the Engro foundation commented that she made a personal choice of working for the foundation because, 'this work is made for me, it really gives me a lot of satisfaction, there aren't many good companies doing this sort of work as Engro is engaged in' (Interview with Business Sustainability Associate, 2018). While the head of Engro foundation, when asked about Engro's motivation to engage in philanthropy, connected the dots to its historical background and said; 'our motivations are very old, let me give you a quick background on Engro. It used to be part of the Exxon an American company that was into fertilizer business and it was part of their values that we inherited from them I cannot really comment on motivations that were there at that point in time. But one of the things the company continued was the contribution to social welfare projects. Essentially the motivation is coming out of the history, and now its motivation is linked to the key performance indicators benchmarking global recognition' (Interview with Head Engro Foundation, 2018). Thus the philanthropic contributions of most philanthropists and those involved in charitable organizations stem from their sense of duty, own passion, personal experiences, observations and choices. Their wise decisions impact the life of many needy individuals and in return it is 'the feeling of working in an organization that is trying to make a difference and helping those in most need of it is something that instills a great sense of satisfaction' (Interview with Senior Researcher SKMCH).

### **5.7 Religious motivations**

The third motivational theme identified is the extent to which religion is a central part of the individual's life. The respondents combined their philanthropic values with religious aspects of their lives which seemed to have significant influence on the extent of their philanthropy. All religions value caring behavior and its importance in human relations. The role of religious affiliation and religious belief has been well researched in relation to philanthropy, and both are reported as one of the several motivating factors that influence philanthropy (Haven et al., 2006; Bekkers & Wiepking, 2010). Just as some find a strong positive link between religious belief and giving, the non-religious also consider it a human obligation (Breeze & Moody, 2016).

A strong tradition of giving and volunteering in Pakistan is found to be rooted in religious belief. Across all of the respondents it can be inferred that religious belief seems to be a powerful motivator to engage in philanthropy. The five respondents studied seem to have been largely influenced by their religious belief to engage in philanthropy but viewed it differently. For example, some interviewees attached importance to ethical business practices:

‘we follow high ethical practices and do not pile up wealth (General Manager Investments Fauji, 2018). Another philanthropist linked building a cancer hospital and its completion to strengthening of his faith and feelings of gratitude. He did not start the project as a religious duty but was drawn close to religion only after his mother’s ailment and later the completion of the hospital. The Chairman SKMCH explains:

‘I was not a religious person before my mother’s illness. While building the hospital there were many dead ends, but I experienced that when you consistently make efforts God’s help comes. Every time we ran short of money or had a problem God created favorable conditions which not only helped us overcome the problem but my faith got stronger and the day the hospital opened my faith in God was completed. I can never thank the Almighty God and the common men who helped me in building this hospital’ (Silver jubilee telethon ARY Digital with Chairman SKMCH, 2020).

Others however take a different approach towards giving and confirm the assertion that giving is part of their duty to share their wealth with the needy. Therefore, they strive to serve mankind for a religious belief and give to strengthen their faith<sup>30</sup>.

‘Most important part of life is we are answerable on the Day of Judgment. If you think in long terms then that fit the pattern of your behavior, and the way you deal with people’ (Interview conducted by Amal Academy with Chairman, Engro Corporation, 2017).

‘Above all other laws is the law set down by the Almighty God, Who is merciful to all, but not to those who neglect fellow human beings’ (Founder Al Shifa cited in Khan, 2008:18).

‘I derive my inspiration from the teachings of my religion about giving and sharing of money, time, belongings and even making a suggestion in helping the poor. Poverty is often inter-generational and people in poverty are not generally responsible for their own conditions. There are structural factors at work the realization of which is still missing at the policy and implementation level’ (Interview conducted by Amal Academy with Chairman Akhuwat, 2018).

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<sup>30</sup> Charity is ordained by all Abrahamic prophets (Al Quran chapter 21: verse 73, Pickthall, 1930) including Prophet Jesus (Al Quran chapter 19: verse 31, Pickthall, 1930). As individuals have different abilities and resources, the instruments of philanthropy and redistribution in Islam include *Zakat* (compulsory), *Sadaqa* (charity), *Waqf* (trust) and *Qard-e-Hasana* (interest free loans/deposits as an act of benevolence)..Al Quran recognizes social solidarity lies in justice and generosity (Al Quran chapter 16:verse 90, Pickthall, 1930) and wealth should not circulate only among the rich (Al Quran, chapter 59:verse 7). To reduce the socioeconomic inequality giving is explained as ‘..... [Show] kindness unto parents, and unto near kindred, and orphans, and the needy, and into the neighbor who is of kin (unto you) and the neighbor who is not of kin and the fellow traveller and the wayfarer and (the slaves) whom your right hands possess. Lo! [God] loveth not such as are proud and boastful, (Al Quran Chapter 4: Verse 36 Pickthall, 1930): ‘..... and share their wealth with the needy who asked for it, and those who could not ask.’ (Al Quran Chapter 51: verse 19 Pickthall,1930). ‘ Give the kinsman his due, and the needy, and the wayfarer, and squander not (thy wealth) in wantonness ....And let not thy hand be chained to thy neck nor open it with a complete opening, lest thou sit down rebuked, denuded (Al Quran Chapter 17:verse 26 & 29, Pickthall, 1930).

The quotes reported above indicate how important the role of religion is in motivating them to engage in philanthropy as part of their religious duty and also in gratitude for being amongst the givers. When they reflect upon the secret of their own success or their wealth, they realize just as their success is not solely due to their merit, the misfortunes of the less fortunate are also not wholly due to their failures (Schervish, 2008: 198). A quote from the findings of a study of High-Tech donors also illustrates that most interviewees did not relate their wealth entirely to their efforts and skills. Some credited their wealth partially to their luck and good fortune and also to being blessed;

‘A major component of this shift to a deeper horizon of care is the realization by wealth holders that their wealth is not completely due to their own actions....all high-tech wealth holders are an enigmatic mixture of both humility and gratitude, on the one hand, and self-assurance and pride, on the other. The unexpected speed of accumulation and sheer amount of their wealth makes them especially conscious of the spiritual secret of money... The more religiously inclined among the respondents attribute their good fortune to grace or blessing; the more secular speak of luck and good fortune. ... if their fortune did not result completely from their effort, then the misfortune of others must not result completely from their lack of effort. This, in turn, produces a more or less explicit sense of gratitude’ (Schervish et al, 2001: 63-65).

Therefore the experience of good fortune, blessings and gratitude as well as in recognition of their religious duty the wealthy find ways to help the less privileged and support individuals and causes that they identify with. One insight gained from this discussion is that a mix of spiritual feelings of faith, blessings, gratitude, and duty prompt the wealthy to engage in philanthropy and give. In other words, there seem to be a strong link between giving and religious belief among the selected cases.

### **5.8 Giving back and rewards of philanthropy**

The fourth motivational theme identified is giving back and in return the rewards received. Giving back to society is considered as a distributive process, and a fundamental motivator of the cases studied. Altruistic philanthropists give back to society so as to contribute towards socioeconomic change in the lives of many ‘as an expression of [their] sense of community with others’ (Boulding, 1962: 62). This assertion is consistent with the findings reported in the literature (Maclean et al., 2015, 2012; Pinchuk, 2016 [2013]; Gates, 2016; Carnegie, 2016 [1889]; Breeze & Moody, 2016; Schervish, 2016 [2007]; Bekkers & Wiepking, 2016[2010]). We also found some new factors varying from individual to individual and the type of philanthropic projects they were engaged in. Though altruistic motives are better than self-

interest (Acs and Phillips, 2002) we find a mix of the two motives to engage in philanthropy, but socially it does earn the philanthropist good reputation (Brammer & Millington, 2005) and prestige (Ostrower, 2016[1995]).

Highly motivated individuals tend to give back to societies that nurtured them and view it as their social responsibility and part of their values (Bekkers & Wiepking, 2010; Breeze & Moody, 2016). Giving back to society by such individuals is due to a sense of privilege amidst widespread inequality in the society, and they associate their success in life with a sense of responsibility and national pride in their country, which they believe afforded them the opportunity to excel. The following quote illustrates that such acts of philanthropy tend to foster patriotic feelings which stem from the success they have experienced in their professional life:

‘The responsibility of helping the less privileged, and those who are deprived rests primarily on those who enjoy the bounties of our Creator more than others do. And that whatever we have the achievements, honor, men or material betterment of life, all are in no small measure because of Pakistan. If Pakistan has given so much to us, let us give something back to it’(Founder Al Shifa, cited in Khan,2008:18).

Philanthropists are first influenced by tangible objectives (Harvey et al., 2019), and engage in a cause to make things better (Breeze & Loyed, 2013) and possibly to attain long-term gains (Dunfee, 2016 [2011]; Moran & Branigan, 2016). However, giving back to society also brings some intangible personal rewards in the form of deep internal satisfaction and contentment which enriches the lives of philanthropists<sup>31</sup>. It is also a way to be remembered and known for, a way to gain reputation, something to treasure and take with themselves, or something to be contended with (Carnegie, 2016 [1889]). The quote given below explains it well; apart from altruistic gifts, the wealthy give back to gain intangible benefits. Such returns are considered necessary to keep them motivated and remain committed to their philanthropic contributions (Harvey et al, 2011; Maclean et al., 2015):

‘When you get something you must give back, the more you give the more you get that is for sure, something you will treasure and take with you. You have to realize what type of reputation you want at the end, what you want to be known

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<sup>31</sup> The specific ways in which capital is harvested and transmuted, or the rewards of charity are both tangible and intangible. Those include purification of ones’ self and wealth, besides personal benefits sharing also helps others to grow and is similar to the rain that doubles the yield of a fertile land (Al Quran chapter 2: verse 265 Pickthal, 1930). The likeness of those who spend their wealth in [God’s] way is as the likeness of a grain which grows seven ears, in every ear a hundred grains. [God] giveth increase manifold to whom He will’ (Al Quran chapter 2: verse 261 Pickthal, 1930). Or it is like a Al Quran chapter 57:verse 1 Pickthal, 1930)... those who give are the virtuous (Al Quran chapter 57: verse18, Pickthal, 1930): ‘... and such are they who are successful.... that which ye give in charity, seeking [God’s] countenance, hath increase manifold. (Al Quran chapter 30: verses 38 & 39 Pickthall 1930, Pickthal, 1930) ...and hoarders of wealth are condemned (Al Quran chapter 3:verse 180, Pickthal, 1930) .

for, and remembered for when you are not there' (Interview conducted by Amal Academy with Chairman, Engro Corporation, 2017).

Another finding of the study is that giving back is also perceived as a way of transforming the philanthropist themselves and their identity (Maclean et al, 2015). They become more compassionate, contented, patient, and are less likely to be disappointed with their failures. They believe in their untiring efforts for making a positive contribution to the society and want to be remembered for their good work and leave the outcome of their efforts to the will of their Creator. The following comment from Chairman Akhuwat illustrates how his philanthropic work transformed his identity:

'My foundation has transformed me it has converted my labor into passion. I have learnt to be compassionate, patient, happy, and remain contented. I can face defeats and have no disappointments. Nothing frustrates me I have learnt I will not be judged by the outcome but on my efforts. I believe in giving and want to be remembered as an author of good work' (Interview conducted by Amal Academy with Chairman Akhuwat, 2018).

In contrast, we find some philanthropists who respond quite differently to the rewards of giving back. There are very clear intrinsic rewards to giving as a result of being deeply involved in projects that have either affected them personally, or are related to human life. Saving human life and observing recovery from life-threatening illnesses is a real source of satisfaction and accomplishment for the philanthropists. Chairman SKMCH indicates how success or failure of their efforts affects him and how he deals with the emotional aspect of giving back:

'When I am not feeling good, I visit the hospital and spend my time there, I start feeling better seeing the patients recovering. There are many success stories but we could not save one 7 year old [and] that affected me so much that I did not visit the hospital for many days' (Interview of Pakistan Television anchor with Chairman SKMCH, 2010).

However, organizational motivation to give means addressing problems and in return expecting better work ethics, and higher employee morale. The founder of Fauji foundation writes about his principle of giving to servicemen and ex-servicemen as such:

'I wanted my colleagues to realize...we must first solve all his problems ...before [he] could become fully effective....the less he had to worry the more active interest would he have in his work' (Founder Fauji Foundation cited in Ayub Khan, 1967: 41).



It therefore would be fair to say that the intrinsic rewards from giving deeply enrich the lives of the philanthropists, whilst also benefiting the organizations, thereby encouraging them to be increasingly generous as their philanthropic journeys develop. Engagement in giving back is not just a responsibility, but it also brings contentment and therefore is an important motivating factor (Maclean et al., 2015). Although the returns of philanthropic activities may not pay back in economic terms directly, they do pay back indirectly and can be rewarding when the desired results are attained (Harvey et al., 2019). For example, as indicated in Table 5.1, philanthropic activities of all the five cases under study were highly successful and it in return enabled the respondents to build significant levels of symbolic capital (Bourdieu 1986). For instance, the founder of SKMCH has been bestowed with a number of prestigious awards and titles, such as Honorary Fellowship from Oxford University, an Honorary Fellowship from the Royal College of Physicians Edinburgh. He was also the Chancellor of Bradford University. His elevated position in society, partly as a result of his philanthropy, enabled him to be elected as the Prime Minister. Similarly, in recognition of the philanthropic achievements the founder of Akhuwat has been awarded with distinguished national awards (*Sitara Imtiaz* (Star of distinction)) and international awards such as the Thomson Reuters and Abu Dhabi Islamic Bank lifetime Achievement Award, the 31st Commonwealth Points of Light Award and the Schwab Foundation Social Entrepreneur of the Year Award. As illustrated in table 5.1, the remaining three respondents were also recognized at the state level for their philanthropic and welfare engagements.

Such awards represent forms of symbolic capital, which acts as a type of leverage which in turn enables them to attract significant amount of donations (Ostrower, 1995) to support their philanthropic activities (Bourdieu, 1996; Maclean et al., 2010; Shaw et al, 2013). In that sense our findings confirm that giving is a two sided coin (David et al, 2014: 24) or a two way process (Harvey *et al*, 2011).

## **5.9 Socioeconomic change**

The fifth motivational theme of the study is to address socioeconomic inequality. Philanthropy can help reduce inequality and empower the less fortunate provided it creates larger systemic gains (Callahan, 2018). Philanthropists not only give to address local or immediate needs (Fiennes, 2012), they also engage in philanthropy to address root causes of complex social problems (Gates, 2016) that have persisted for long. The following quote well explains the long standing need for change which no doubt is a challenging task:

‘My conviction [is] the need and validity of the changes ... in the social and political life of the country .... and to bring about a more direct and intimate awareness of contemporary realities. Progress is a long and tortuous process, full of trials and errors’ (Founder Fauji foundation cited in Ayub Khan, 1967: preface).

During the interview process and as noted in the transcribed data, one of the motivational themes to engage in philanthropy, that was repeatedly and commonly referred to was to fight multiple inequalities, create socioeconomic change and maintain social balance (Smith & Stevens, 2010; Zahra *et al*, 2009). The term socioeconomic change is referred to as poverty and inequality reduction in three areas; education, health and improved income or living standards (Oxford Policy Management Survey, 2016). Given the fact that socioeconomic problems of Pakistan have persisted for long it is not surprising that entrepreneurs and resourceful individuals recognize their responsibility to supplement public funding in fighting poverty and bring socioeconomic change.

Empowering the weak and supporting the less fortunate is evidently the primary motivation of philanthropists to engage in philanthropy and a path to socioeconomic freedom, sustainability and self- sufficiency (Sen, 1999). The philanthropists which were interviewed held long-term perspectives and were committed to addressing the root causes of often very deeply entrenched social problems. In order to achieve these goals they tended to develop their own distinct models of socioeconomic change to create a more equitable society. These models tended to focus on capabilities development and in creating opportunities for the less privileged to attain social and economic freedom. They tended to be based on the broadly based on the logic of self-sustainability and individual responsibility, as opposed to the paternalistic welfare model operated by the state. Therefore they chose education, health and economic improvement as the important causes that they preferred to engage in from among a range of philanthropic causes available to them. These areas are considered to be more socially transformational than others and therefore provide a key to a sustained and impactful socioeconomic change. However, the accumulation of economic capital and control over resources was considered by them as a necessary condition for sustainable business and philanthropic activities, to enable them engage in philanthropic activities (Maclean, Harvey & Press, 2006; Harvey *et al.*, 2019).

For example, the motivation of Chairman Engro to engage in socioeconomic change is derived from the ‘belief in empowering communities.’ He established the foundation with the belief that only with a purpose beyond profit, can its commercial endeavors find meaning. His commitment to the creation of lasting change is reflected in his self- sustaining transformational

activities that maximized the socio-economic impact of his inclusive business model. By providing opportunities that develop skills in low-income communities near its businesses, it created an ecosystem of employment generation, inclusive markets, production of goods and services that spur economic growth and encourage entrepreneurship. His philanthropic model enabled underprivileged rural communities to become business partners, vendors, customers and employees in the core business activities. The impact of which is much bigger and sustainable than the donations, and other community investments. However, to achieve his goal he combines economic capital with social change. The following quote well explains his motivation:

‘When you combine business with social considerations and are trying to make positive contributions, that social rise [change] is very important for me’(Interview conducted by Amal Academy with Chairman, Engro Corporation, 2017).

Thus he balanced enterprise development and community development in a more sustainable fashion than traditional philanthropy which tends to be more paternalistic. In other words, the free laws of wealth accumulation tie the rich and under privileged in a unbalanced way (Carnegie, 2016) and therefore requires some form of intervention. The simultaneous interplay of the two processes of wealth accumulation and distribution are in effect, which benefits both the multinational corporate and the beneficiaries who are engaged in business value chains. Thus business and philanthropy are balanced to target areas that are expected to create socioeconomic change.

In much the same vein, Fauji’s motto ‘*earn to serve*’ is emblematic the role it plays in sustainable economic development, poverty alleviation and the reduction of inequality. In addition to paying vast amounts of tax to the public purse, their supplementary role in supporting the government to meet social needs is well recognized. A segment of the society which is primarily the responsibility of government is looked after through a countrywide network of health, education and skills development programs. The top management interviewed shared how they anchor philanthropic projects into their commercial and economic business model which enables them to contribute directly to socio-economic change. Their market based model of business, competition, efficiency, profitability and growth is closely related to their philanthropic activities of capabilities development of the beneficiaries for sustainable development. They link the sustainability and expansion of their philanthropic activities to the growth of economic capital and profits from their business enterprises. They harness profits to up-scale welfare activities at the national level.

The above examples of philanthropy indicate sustained socio-economic change is one of the strongest motivations to serve humanity and fight multiple inequalities that are often found to be deep and structural in nature in Pakistan<sup>32</sup> (Mahmood, 2014). However, for a sustained improvement in the lives of the less advantaged they are dependent on economic capital and sustained increase in profits. This confirms the assertion that the relationship between philanthropy and socio-economic change is strengthened through economic capital as the first and necessary condition for initiating philanthropic projects (Harvey et al, 2011). The quotes given above suggest creating and accumulating wealth is a valid reason for the philanthropists to engage in philanthropy and sustained socio-economic change. However, philanthropy like business enterprises depends on economic growth trend of the country.

As far as the other three philanthropists are concerned they were not particularly wealthy, rather they possessed sufficient cultural, social and symbolic capital to get their projects up and running. They devoted their knowledge, abilities, cultural and social capital, and as a result, had increased ability to raise funds. They were also able to influence policy which allowed them to develop unique philanthropy models to change the lives of the many for the better through their independent foundations. However, the importance of economic capital is necessary for maintenance and sustained growth of all philanthropic projects (Harvey et al, 2011).

Building and running the hospital for patient who were unable to pay for their own care was a challenging task, but the Chairman SKMCH Imran Khan was able to capitalize on his popularity, to raise millions to realise this goal. The Chairman of the SKMCH although had little personal economic capital yet he had strong commitment to his cause; the following quote explains his motivation to support the less advantaged, and accepting the challenge of building the first cancer hospital;

‘My goal is to provide quality cancer care of top quality and most importantly for the poor people free treatment. I wanted to build a model hospital and set example for others to follow and create change. I had Rupees 10 million and I needed Rupees 700 million in hand. I did not know it was like climbing the Mount Everest, but when you do not compromise on your dream and are credible people support you and contribute towards common good’ (A Silver Jubilee ARY Digital Telethon with Chairman SKMCH, 2020).

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<sup>32</sup> Some of the structural problems include, large informal economy, agriculture absorbs large workforce, low savings and investment in human resource development and infrastructure, low tax collection, neglect of small and medium enterprises, and lack of accountability. All such factors act as a barrier to socioeconomic change.

It is clear from the above example that the motivation to address health inequalities is to a large extent dependent on philanthropy in the form of donations, which itself depended on strong emotive appeal, credibility, and brand of the organization; as the Marketing Manager of the SKMCH commented: 'If anything happens to our credibility we can be affected.'

In the second case the President of Al Shifa was to lift the burden of unnecessary and treatable blindness. He took the challenge of bringing light to the lives of many lightless blind, believing that knowledge when combined with experience enables philanthropists to serve humanity. It also highlighted the importance of the role that foundations can play in supplementing the efforts of the government in providing medical assistance to the needy and the poor. The following quote illustrates his motivation to offer free modern eye care facility at the doorstep to patients in distant areas with decades old ailments and help them live with dignity. He writes:

'Of all the blessings that God Almighty has bestowed upon humanity, it is only sight that instills imagination and inculcates perception, those who can see are able to appreciate the Majesty of Gods world, but what about the sightless? The modern knowledge created by man could cure the blind, enable us to bring change and save many from dependency' (Founder Al Shifa cited in Khan, 2008:19).

During the field visit an Executive Director explained the General's vision of serving the under privileged communities at their door step. Through an extensive community based program mobile teams install free surgical camps in remote areas of the country. He also explained how the new President of the Al Shifa Foundation has taken the challenge as leaders of vision in surgery on infants and is working towards the World Health Organization Vision 2020 of controlling childhood blindness as a high priority area. However, it requires specialized ophthalmologists, staff, anesthesia specialists and technology and infrastructure which presently is missing in the region or inadequate in developing countries.

Similarly Chairman Akhuwat believes poverty is more than lack of financial resources; a poverty free society based on the principle of equity and compassion means extending a helping hand to the most marginalized and disadvantaged. Their financial inclusion of the very poorest in society is vital if they are to be raised out of poverty. He was not convinced that the interest based rural or the micro finance program had successfully lifted the poor out of poverty. A senior officer commented on how Akhuwat is contributing towards socioeconomic change:

'If there is a vicious cycle there is also a virtuous cycle. Akhuwat has become a virtuous circle and a hope for many excluded from the financial market' (Interview conducted by Amal Academy with founder Akhuwat, 2018).

Not many leave a prestigious job and commit themselves full time to philanthropy and go against the tide. With a humble start it turned out to be the world's largest interest free microfinance program reaching millions of poor across the country (Bashir et al., 2019). The quote given below explains how with the support of a few like-minded individuals he started a challenging journey. The quote illustrated below explains the complexity of the issue;

I decided to change the microfinance program for better livelihood of the poor. It was a new and difficult path but the journey of a mountain starts with the first step. My experience is microfinance is an emergency treatment and education is a permanent solution to poverty and socioeconomic change. Aristotle once said that education is an ornament in prosperity and refuge in adversity. I believe Oxford [University] will continue shaping learning and civilizations'(Interview conducted by Amal Academy with Chairman of Akhuwat, 2018).

With respect to poverty and inequality reduction, Chairman Akhuwat believes that the financial inclusion of the poor is important, but that money only brings a temporary relief in their lives. For a more lasting socio-economic change and irreversible solution to poverty and inequality which largely is often structural in nature, better access to education is critical.

In summary, it has been shown that two of the philanthropists invested significant amounts of their own economic capital in philanthropic activities, through their charitable foundations. Alongside their cultural, social and symbolic capital it has served to increase the scale and effectiveness of their philanthropic activities. They aimed to support the poor through what they considered to be transformative social mechanisms, such as health, education and entrepreneurship. In contrast, the other three philanthropists in the cases had comparatively very little economic capital, but were able to creatively leverage their social, cultural and symbolic capital.

## **5.10 Conclusion**

This chapter set out with the objective to ask *why some members of the Pakistani elite embrace philanthropy as a vehicle for social change and others, do not*. The explanations presented are of a small number of core findings. Firstly, to the live story of the individual encompassed within the rich individual stories which described their lives they tended to have deep similarities in terms of the factors which influenced their motivations to engage in philanthropy and a result, helped to form their philanthropic identity. It was found through the development of innovative philanthropic models, they sought to address some of the society's most fundamental and pressing needs and therefore bring about sustained social change. The choices of philanthropic causes are found to be representative of the unique socio-economic needs of Pakistan. Thirdly, a total of five motivational themes are identified from the data, including the

family background of philanthropists, the personal experiences and observations of the individual, their religious beliefs, the extent to which they wanted to *give back* to society and a motivation to deliver socio-economic change. These provide some insight about the motivating factors that influenced the philanthropists to engage in philanthropic projects of their choice and address the root causes of social problems. Some of the motivations are congruous with earlier findings reported in the literature but aimed at addressing fundamental needs and positive social change than the world making objectives.

A significant contribution of the chapter is it links the philanthropists' personal background and their motivations for establishing philanthropic foundations, to the two theories which underpin the thesis. These include the theory of capital, the notions of habitus, hyper-agents and their hyper agency. The chapter improves our understanding about the scope of the four forms of capital; habitus and hyper agency and power differentiated by the amount of different forms of capital they possessed which they used not for world making rather they addressed most fundamental unmet social needs. A reasonable conclusion is that the habitus of the philanthropist tends to be a key determining factor in the type and extent of an individual's philanthropy. This is manifested by a virtuous circle to which the selected philanthropists contributed through their organizations. In other words, the development of the philanthropic sector in Pakistan is subject to systems of self-reproduction; the more communities, companies and individuals engage in activities, the more visible the sector becomes and the stronger and more influential institutions become. However, a limiting factor is clearly that without economic capital, participation in philanthropic endeavors is impossible. In addition to the ownership of capital, trust, credibility and reputation are found to be central in developing effective philanthropic projects; even more so in cases when philanthropic activities depend on private philanthropy.

## Chapter 6-The Governance and Management of Philanthropic Organizations in Pakistan

### 6.1 Introduction

This chapter asks *how and to whom are Pakistan's largest philanthropic organizations accountable?* To answer this question, it is important to first obtain a better understanding of governance and management practices of philanthropic organizations in Pakistan. There are 3 important reasons for doing so. First, we know little about the role of governance of charitable organizations in Pakistan, except the limited public information about their governance system, which is often placed on their websites. Second, empirical research on the roles of boards and management in philanthropic organizations is scant. I seek to understand the differing functions which take place in philanthropic organizations; governance is a mechanism that regulates the relation between an organization and its stakeholders, whilst management of an organization manages its daily operations. Third, I will examine whether governance and management practices of charitable organizations differ by their type and activities. Although similar tasks are undertaken in all the cases, it is quite possible that the type of organizations and its philanthropic activities influence the governance and management practices, and differences may exist between and within the types of foundations under study (the corporate, philanthropic enterprise and independent charitable organizations). For example, there may well be significant differences between a national level charitable organization, such as the Fauji foundation, and a community level corporate foundation such as the Engro foundation. Likewise, there will obviously be significant differences in the governance and management of independent foundations vis a vis corporate or affiliated foundations.

The chapter applies the agency theory (Jensen & Meckling 1976; Fama & Jensen 1983) and the hegemony theory ((Mace, 1971; Pettigrew, 1992 Pettigrew, 1998) to study of the governance and management practices of the five cases under study. It also draws on Bourdieu's (1986) concept of capital and its availability to the foundations in the conduct and management of philanthropic activities. The chapter is organized in the following way; section two provides information about the governance patterns of philanthropic organizations under study (i.e. their missions, guiding principles, board composition). It identifies and examines the similarities and differences in governance patterns and illustrates whether different governance patterns of exist across and within the foundations included in the sample. Section three present data analysis and identify key themes derived from the interviews which help explain the governance and management practices of the cases under study in managing their



philanthropic activities. The next three empirical sections examine the three themes emerging from the data. The final section concludes and draws together the main findings and answers the question posed at the start of the chapter.

## 6.2 The Governance of philanthropic organizations in Pakistan

In all the five selected philanthropic organizations governance is overseen by a board of trustees, whilst the operations and management activities are conducted by the managers of the philanthropic organizations. The characteristics of these governance structures and their management practices varied and are discussed as below.

### *Mission statement and guiding principles*

The data presented in Table 6.1 indicates that all the five philanthropic organizations have a mission statement, as well as more detailed guiding principles in place.

**Table 6.1: Mission statement and guiding principles**

Cases	Mission	Guiding principles
Fauji Foundation	Provide and facilitate quality education and healthcare to the beneficiaries invest in ventures ensuring growth compatible to the demands of welfare	Country, duty, company, honor
Engro Foundation	Include the under-privileged in Engro's value chains, enhance the lives of people in related communities & engage with relevant stakeholders via actively ensured positive social impact for a sustainable Pakistan	Community and society, shared value creation, sustainability, scalability, and sustainable impact
Al Shifa Eye Trust	Prevention and control of blindness by providing standard and sustainable eye care services which are accessible and affordable to all regardless of gender, race, color or religion. Its essential components would be hospital-based tertiary eye care services, community-oriented prevention of blindness program, need-based human resource development, promotion of basic and applied research in ophthalmology and development of appropriate & affordable technology	Modern eye hospital with major diseases providing free treatment to 70 per cent of patients, awareness of eye care, school screening camps, free eye sessions. To deliver quality eye care at the door step of the community in rural & underserved areas.
Shaukat Khanum Memorial Cancer Trust	To act as a model institution to alleviate the suffering of patients with cancer through the application of modern methods of curative and palliative therapy irrespective of their ability to pay, the education of health care professionals, and the public and perform research into the causes and treatment of cancer	Awareness, state of the art diagnosis, treatment of cancer and free treatment to 70 per cent of patients who are unable to pay
Akhuwat Foundation	To alleviate poverty by empowering socially and economically marginalized segments of the society through interest-free microfinance and education	Interest free microloans, all social & financial intermediation takes place in religious places, promote volunteerism, transform borrowers into donors

The objective of philanthropic organizations in our sample is to achieve their mission and goals through proper governance and management of their philanthropic activities. The focus of their work may differ, but their mission statements deliver a remarkably similar message in so much as they seek, either directly or indirectly, to deliver aim at socioeconomic change by addressing societal needs of the less privileged. For example, two of the five organizations directly support the poorest members of Pakistani society; the Fauji Foundation supports ex-service men and engages in health, education and training projects to empower their children and dependents.

The Engro foundation is also engaged with under privileged community members by giving them the support they need to develop themselves in a sustained manner. The other three philanthropic organizations aim at dealing with inequalities by fighting blindness and alleviating the sufferings of patients with cancer with quality, dignity and self-respect at the forefront, irrespective of their ability to pay. Likewise, the Akhuwat Foundation takes a similar approach to poverty reduction by providing interest free loans to people who would otherwise be excluded from the financial sector and therefore be unable to raise finance to support their small businesses. Their guiding principles are indicative of their strategy and values. For example, two of the cases' guiding principles link *duty towards the country and community*, *the sustainability and scalability of philanthropic projects* and *shared value creation*. The philanthropic practices of the other three foundations are guided by their belief in *service quality and accessibility* to their services.

### ***Governance structure***

Philanthropic organizations, like their for profit counterparts are governed by a board of directors who are accountable to their donors/funders (an individual, a family or a private company), and until recently not obliged to disclose their financial information to public. Furthermore, there is no mandatory code of governance for charitable organizations to follow in Pakistan. They follow the governance guidelines given in their constitution, trust deeds, memorandum, principles or by-laws as mentioned in their governing documents prepared in consultation with the relevant legal team and the board members (Amjad & Butt, 2019). These documents provide certain guidelines relating to the eligibility & role of the Chairman and CEO, as well as information relating to the number and composition of trustees. Table 6.2 informs about the governance structure of each of the five philanthropic organizations with their boards labeled differently. For example, the Fauji foundation name its board as *central*

*board of administration*, Engro foundation and Al Shifa label their boards as *board of trustees*, SKMCH labels it as *board of governors*, and Akhuwat name its board as *board of directors*.

### ***Board size and composition***

Information about the size and composition of boards of the philanthropic organizations studied indicates that, like all other organizations, boards of philanthropic organizations are headed by a chairperson whose appointment depends on the type of the foundation. In case of a corporate foundation the chairperson is appointed by virtue of their status within the parent group of companies. However, the chairperson of a philanthropic enterprise is appointed from an external pool of candidates. The board members of the corporate foundation and philanthropic enterprise comprise internal executive members from within the parent organizations, or by virtue of seniority of positions they hold. They are appointed by their stakeholders as honorary board members (without remuneration).

For example, in the case of Fauji foundation, the Chairman of the Central Board of Administration is the secretary of the ministry of defense, who is a senior retired general in the Pakistani Army. All together there are nine executive board members appointed by virtue of the positions held in the armed forces. In much the same way, the board of the Engro foundation includes five internal members, appointed by virtue of their status within the parent organization. The President and CEO of the Engro corporation acts as the Chairman and the CEOs of Engro group of companies are the board members. As business professionals they bring considerable expertise and business knowhow in their respective fields.

Although at first glance the composition of these boards may seem to lack inclusivity given they are overwhelmingly composed by men, all of whom are of a certain social class, age and background. It is perhaps, however, beneficial because they possess certain skills and knowledge about their organization's activities which are specific to their organization. For example, the welfare programs of the two philanthropic organizations leaves little scope for inducting external board members as the focus is primarily related to projects which are directly associated with the parent organization. In these organizations, the role of non-executive members is filled by external advisors and consultants with relevant complementary knowledge for insight and advice. Therefore, both the organizations included in the sample hire external experts to the top managers in specialized areas to benefit from their expertise. The Securities and Exchange Commission of Pakistan publishes a Code of Corporate Governance, which mandates that at least one female should be appointed to corporate boards, but as previously alluded to, this condition is not applicable to philanthropic organizations. However,

there has been recent progress; The Engro foundation has added one female non-executive to its board of trustees, which previous was all male.

In contrast, the 3 independent foundations are Chaired by the founders of the organizations for lifetime who then have the power to select board members. Or else a senior board member is appointed as the chairperson in case the founder is not alive. As the Executive Director Al Shifa added ‘the general in the last days of his life was quite sick he recommended the name of the new President to the Board members as his successor.’ In general, there are only a small number of internal board members and majority of the board members are composed of independent members, some of which are women. Moreover, the board members are appointed based on their status and positions they hold and are drawn from the upper stratum of Pakistani society. These members have diverse backgrounds and tend to be appointed according to their personal and professional contacts which help the philanthropic organizations in collaborations with government and other organizations and help to enhance their image to the outside world. These members possess significant amount of experience, social, cultural, and symbolic capital as a result of their knowledge, expertise, experience and social networks. They are also beneficial in developing collaborations with renowned international organizations who share their knowledge, skills and technology in support of philanthropic activities, particularly in the health sector to enhance their efficiency. Since the board members are commonly persons of professional skills, donors, entrepreneurs and well-known individuals they besides helping in forming collaborations also help in revenue generation. Research studies also suggest that larger proportion of donors on boards could obtain resources for the organizations (Olson, 2000; Callen et al., 2003).

As an SECP official commented:

‘The more influential and experienced the board of directors the more resources they get for their NPOs and generate fund. The board members not only have access to resources and experience but they also direct how to spend those resources (Interview conducted with SECP official, 2018).

**Table 6.2: Governance and boards of foundations**

<b>Foundation Name</b>	<b>Fauji Foundation</b>	<b>Engro foundation</b>	<b>Al Shifa Eye Trust</b>	<b>SKMCH</b>	<b>Akhuwat</b>
Stakeholder	GHQ , Employees & beneficiaries	Companies	Employees , Donors, beneficiaries	Employees, Donors, beneficiaries	Employees, Donors, beneficiaries
Logic of Boards	Constitution	Trust Act	Trust Act	Trust Act	Foundation Act
Board Name	Central Board of Administration	Board of trustees	Board of trustees	Board of governors	Board of directors
Board Head	Chairman, Secretary Ministry of defense	CEO Engro corporation	President	Founder Chairman	Founder Chairman
Board Size	9	5	12	13	10
Executive members	9	5	2	2	1
Non-executive members	Nil	2	10	11	9
Female board members	Nil	1	1	2	Nil
Board members	Senior servicemen, senior ex-servicemen	Top executives Engro group of companies	Retired bureaucrats, professionals, ex -service men, entrepreneurs	Physicians, entrepreneurs, family members, researchers, & bankers	Physicians, entrepreneurs, philanthropists, retired civil servants, lawyer
Role of board members	Policy, strategic direction, decisions & approval of investments, disinvestments, financial and welfare operations	Strategic direction	Planning and oversee sight conservation programs, financial sustainability	Governance, oversight of clinical programs, finances, & resource generation	Strategic direction, and future planning
Remuneration	Nil	Nil	Nil	Nil	Nil
Capital board members bring	Symbolic, social & cultural capital	Economic, cultural, symbolic & Social capital	Economic, cultural, social & symbolic capital	Economic, cultural, social, symbolic, capital	Economic, cultural ,social & symbolic capital
Appointment term	Fixed by position	Fixed by position	Lifetime	Lifetime	Lifetime
Management Head	Managing Director	Head of the foundation	President of the foundation	CEO of the foundation	Chairman of the foundation
Management members	Senior ex-service men, investment experts, chartered accountants	Management professionals, finance, HR, marketing & legal experts	Ex-service men, management professionals, finance, HR, marketing & legal experts	Medical professionals, management professionals, finance, HR, marketing & legal experts	Management professionals, finance, audit, legal & other experts
Agency theory		√	√		√
Hegemony theory	√		√	√	√

Source: Author's original data from interviews and websites of the five foundations

### **6.3 Data analysis and identification of Governance and management themes**

The role of boards and executive directors on philanthropic organizations is an under researched area, in the context of developing countries. As previously stated, most of the philanthropic organizations under study have similar two-tier governance system that separates the board and management roles with no overlap of duties. Traditionally the role of board members is to provide strategic guidelines, set policies (Miller-Millesen, 2003) act as a cushion between a philanthropic organization and the public (Price, 1963), monitor performance, support philanthropic organizations in acquiring resources for them (Zald, 1967; Pfeffer, 1973; Pfeffer & Salancik, 1978; Provan, 1980; Oslon, 2000) and the management executes the policy and manages the day to day operations of their organizations. In case the management head performs a dual role, both the board and management work on policy which is then executed by the management team.

However, limited research is available studying the relation between the role of boards, management and performance of philanthropic organizations (Stone, Bigelow, & Crittenden, 1999; Murray & Cutt, 2000). Little is also not known about the role of capital, and partnerships in impacting the performance of philanthropic organizations. Table 6.3 below illustrates the three themes identified that influence the governance and management of philanthropic organizations under study. These themes include the role of board and management, the role of capital and the importance of partnerships. To do so the Gioia inductive data analysis method was applied (Gioia et al., 2012).

**Table 6.3: Governance and management themes of philanthropic organizations**

Illustrative quotes	2 <sup>nd</sup> order themes - concepts	Aggregate dimensions
At the top is the board that sets the policy & priority areas of welfare Fauji	<i>Board, priorities</i>	The role of board members and management
it is the job of the board members to provide need based resources Engro	<i>Board/ job</i>	
The board is responsible for setting up the strategic direction Engro	<i>Board/strategy</i>	
Our first board of trustees played a significant role and made personal contributions in developing the hospital Al Shifa	<i>Board/contribution</i>	
Knowing our reliance on donations, the board members decided on developing income generating projects to ensure sustainability Al Shifa	<i>Board/Decision</i>	
The board of governors played a big role in setting the hospital SKMCH	<i>Board/Role</i>	
Our board upholds the values of transparency, accountability, merit and strives for excellence SKMCH	<i>Board/upholds merit</i>	
The board of directors supports the organization in adopting simplicity and in going against the culture of many microfinance organizations Akhuwat	<i>Board/supportive</i>	
The top leadership and management interact with the relevant actors, starting from the bureaucracy to other private sector engagements Engro	<i>Management role</i>	
The executives manage and implement the policies Fauji	<i>Management/</i>	
We are transparent and have professional management Fauji	<i>Management</i>	The importance of capital
Their focus is on minimizing operational cost, which in case of most NGOs is transferred to the poor in terms of high interest Akhuwat	<i>Management/ minimize cost</i>	
The dividends from our business ventures are the main financial resource on which the foundation relies to carry out its welfare projects Fauji	<i>Economic Capital/ welfare</i>	
The company contributes 1 per cent of its profit to social welfare Engro	<i>Profit/ welfare</i>	
After ten years the hospital decided to capitalize on its strengths i.e generate revenue from its diagnostic services SKMCH	<i>Management /revenue</i>	
The fundamental difference between a top performing institution and not so good performing institution is the people Engro	<i>People /performance</i>	
We have scaled up not just because of spending money but we have the right talent and management Fauji	<i>Talent /management</i>	
Our HR is very diverse, retaining specialized employees is a challenge SKMCH	<i>HR diverse</i>	
Our management cannot be compared to any human resource model. I hired less educated, motivated, self-sacrificing more productive workers Akhuwat	<i>HR/Model</i>	
I trained them myself to inspire and transfer my/board's vision to them Akhuwat	<i>HR/training</i>	
They sit on floor mats and rely on bicycles and motorbikes to reach the poor and work extra hours on voluntary basis Akhuwat	<i>HR /management practices</i>	The importance of partnerships
We are an institution that people trust and have gained good reputation Fauji	<i>Social capital</i>	
The World Bank supports and rate us outstanding for our social service Engro	<i>Social capital</i>	
A good working relationship with former colleagues in government Akhuwat	<i>Government /links</i>	
We have multiple forums and linkages corporate, government, & other links Engro	<i>Government/links</i>	
We are a WHO verified partner in fighting blindness and have different international partners for different projects Al Shifa	<i>International/ Support</i>	
If support from these sources had not come many of our patients from remote areas would still have been living in gloom Al Shifa	<i>International/ collaborations</i>	
We have international partners like ADB, IFC, Malaysian private investors. They understand CSR and contribute to welfare activities Fauji	<i>International/links</i>	
We have multiple international collaborations on the medical, research, nursing, teaching, training, clinical and new drug trials SKMCH	<i>Knowledge partnership/</i>	
Our teaching training programs are approved by the college of Physicians and Surgeons in Pakistan and some by the Royal Colleges in UK SKMCH	<i>Knowledge partnership</i>	
Private oil companies sponsor our school children eye screening camps and surgical eye camps in remote areas of the country Al Shifa	<i>private companies/ sponsors</i>	
We have sponsors anti-tobacco and breast cancer campaigns, for treatment or patient meal SKMCH	<i>Private companies campaigns</i>	

#### **6.4 The role of board members and management in philanthropic organizations**

The first identified theme locates the importance of the role of board members and management of the cases under study. As noted earlier in the case of Fauji Foundation there is a clear distinction between the role of the board and its management. The board is responsible for setting the mission, policies and strategic direction of the foundation, and in making decisions about major investments. They oversee the finances, utilization of resources and mobilize various forms of capital to ensure the progress of their welfare projects. In other words, the board has both a monitoring as well as a supportive role to play. Being a large and well-established philanthropic organization it has the largest network of welfare operations outside the public sector and nationwide and works at an extensive scale for making a difference to the needs of the society. Its philanthropic practices are stipulated by the board and its core areas of philanthropy and welfare continue to remain as health, education and technical/vocational trainings. As a director of the foundation well illustrates:

‘Our governance structure has two levels at the top is the board for policy making and it has set the priority areas of welfare projects. At the executive level the management implements the policies. For each welfare program we have different layers of management from a director to a general manager, managers etc. Then we have different committees that present their work to the board. So it is a very rigorous governance and management system through which we operate (Interview with Director Education Fauji Foundation, 2018).

The second level of governance is operated by a management board. It is termed the *Central Board of Directors* and is headed by the Managing Director who is responsible for the daily operations of the Foundation. This board tends to manage and implement the policies and supervise planning of all industrial, commercial and welfare operations of the foundation. The management board is composed of a team of experienced directors and has sub committees who perform a variety of functions such as finance, audit, human resources, technical, and monitoring & evaluation. In addition, for each welfare program, there are different layers of management from a director to a general manager and then specific project managers. Since the foundation is a major shareholder in the many companies it is in a position to exercise its managerial hegemony power in the board meetings of those companies.

The Engro Foundation is structured in much the same manner, however it is a relatively small foundation whose board members engage in a strategic role by discussing



the existing programs and future plans, assess financial sustainability, progress and growth of the foundations, so that they can meet their objectives. As well as the supportive role the board members as funders and implementing partners of donors also evaluates performance of philanthropic interventions. Being a small organization the board limits philanthropic interventions to specific community needs driven activities focused on poverty alleviation through its value chain projects. It adopts a flexible policy of working as an implementing partner of international organizations. The board has both a monitoring as well as a supportive role to play. While the management of the foundation implements the welfare programs and projects accordingly. The quote below summarizes the activities implemented by the philanthropic organization's management:

'The board is responsible for setting up the strategic direction for the Foundation. Being a corporate foundation a lot of our work is linked with Engro Corporation. We focus on implementing policy, creating impact and lasting positive change through inclusive business, and strategic community investment where our value chain projects operate' (Interview with Head Engro Foundation, 2018).

In two of the three independent organizations namely the Al Shifa Trust and the Akhuwat Foundation the chairperson of their boards is also the chief executive and of the organization. This may imply they are in a position to exercise hegemonic power in board meetings. However, all the three organizations tend to leverage board members' social capital comprised of entrepreneurs and businessmen as the major donors. Other board members included professional advisors, and persons of valuable experience, expertise and commitment who contributed by virtue of their position, personal influence or prestige. They facilitate access to top government officials to resolve problems with bureaucracy, and also access to political elites through their contacts and networks. For example, the quotes below underline the importance of board members in adding value to the philanthropists' vision and success of philanthropic activities, while the management team implements the policy decisions:

'Our Board of Trustees includes persons of public repute, who have commitment to humanitarianism and could contribute to the development of the hospital. Our first board of trustees played a significant role and made personal contributions in developing the hospital. Knowing our reliance on donations, the present board members decided on developing income

generating projects to ensure sustainability' (Interview with Executive Director Al Shifa, 2018).

'The board of governors played a big role in setting up the hospital. The committees oversee the clinical projects, finances, and resource generation. The board is open to debate and I can say it upholds the values of transparency, accountability, merit and strives for excellence' (Interview with Senior Medical Director SKMCH, 2018).

'Our board of directors supports the organization in adopting simplicity and in going against the culture of many other microfinance organizations. Their focus is on minimizing operational cost, which in case of most NGOs is transferred to the poor in terms of high interest' (Interview with Chief Credit Officer Akhuwat, 2018).

Furthermore, board members of the three independent philanthropic organizations besides being supportive are also donors and therefore may monitor their performance similar to the way large shareholders monitor the performance of companies Fama & Jensen (1983).

In general, it is found there is no one-size fits-all governance arrangement of philanthropic foundations because context largely determines their structure and conduct (Ostrower & Stone, 2001). The type of foundations and their philanthropic activities are found to significantly influence their governance practices, their board size and compositions vary widely (Callen et al., 2003). Even though similar responsibilities exist in all foundations, there are also important differences in the strategies by the 5 foundations which were tailored to be most effective for achieving their aims. However, the common factor is board members have not only access to resources they also direct the use of resources. The management of organizations in our sample also varies, in some cases there is a clear distinction between governance and management practices, while others exhibit duality of role of the chief executive. However in all the organizations the chief executive is supported by a team of professional experts and administrative staff. Their role is to manage the day to day operations and to supervise and plan the welfare operations, as one of their key function, and they are mainly responsible for maximizing the outcome and impact of their philanthropic interventions. As an SECP official comments that:

'For the board members even with their experience it is difficult to analyze the details because the board meetings are held only two to three times annually, it is the management that is mainly responsible. The feasibility report is 100's of pages and they do not have time to read all the report, they just go through the

presentations made by the management’ (Interview conducted with the SECP official, 2018)

## **6.5 The importance of capital and philanthropic organizations**

The second theme identified draws on Bourdieu’s concept of capital its availability to the foundations and relate it to the field of power to understand the process of acquiring ‘tangible and intangible capital’ (Bourdieu 1986: 265) in the conduct and management of philanthropic activities. In particular, the common sources of economic capital, the forms of networks of relations developed, and the need for cultural capital in the form of human resource in undertaking and furthering their philanthropic causes and therefore the wider sustainability of their philanthropic projects.

Fields of power as already discussed in detail in chapter 2 are the sites of domination and uppermost stratum of society (Bourdieu, 1993; Bourdieu & Wacquant, 1998). The ‘power elite’ (Mills, 1953; Useem, 1984) or ‘dominant agents’ (Maclean *et al.*, 2010; Maclean *et al.*, 2015b; Maclean & Harvey, 2008; Gordon *et al.*, 2010) who operate at the top of individual fields ( Clegg, 1989a; Pfeffer, 1992; Pfeffer *et al.* 1984; Clegg & Hardy, 1996; Phillips *et al.*, 2006; Zald & Lounsbury, 2010) either create change or resist change (Maclean *et al.*, 2010). In other words, fields of power is associated with a ‘capacity premised on resource control’ (Clegg 1989b: 99) or ‘command over resources’ (Maclean *et al.*, 2010: 328). Different forms of capital entail power and are used to dictate the, ‘dominant principle of domination, which leads to constant state of equilibrium in the partition of power’ (Bourdieu 1986: 265 as cited in Price, 2016).

To understand Bourdieu’s notions of capital and the field of power in the context of Pakistan it requires analysis of the ownership of capital (Anheier *et al.*, 1995; Bourdieu, 1986, 1990; Harvey & Maclean, 2008; Savage *et al.*, 2005) as well as the composition and functioning (Burt *et al.*, 2000; Useem & Karabel, 1986) of the networks of relations (Swartz, 1997) and partnerships among diverse fields of power (Wacquant, 1993). I do so by examining the role of economic, social, and cultural capitals and that of partnerships in facilitating and promoting philanthropic activities.

### ***Economic capital and philanthropic organizations***

Access to finance, or economic capital, remains a challenge for developing economies and its philanthropists. Pakistan is a relatively poor country with few wealthy entrepreneurs. Amongst the many listed companies only a few have established philanthropic foundations, although many others participate in philanthropic activities by making direct donations to existing foundations. Table 6.4 clearly indicates the importance of economic capital in case of the Fauji and Engro foundations are contingent on leveraging their profits into their philanthropic activities.

**Table 6.4: Economic capital of philanthropic organizations**

Case	Initial sources of funding	Present funding model
Fauji Foundation	Profit from a textile factory set up with UKs post world war II fund of \$0.2 million for war veterans	One third of the annual shared enterprise profits of a large group of 26 companies
Engro Foundation	Profit from family businesses	One percent of the annual shared enterprise profits of multiple businesses
Al Shifa Eye Trust	Pension fund, donations, grants & fund raising campaigns	Endowment fund, investments, donations and hospital services
Shaukat Khanum Memorial trust	Cricket matches, fund raising campaigns, world cup prize money	Endowment fund, investments, donations, fund raising, revenue from hospital, sale of diagnostic & MIS services
Akhuwat Foundation	Personal income, donations of board members, & funds raised	Endowment fund, investments, government fund, donations, service charges

**Source:** Annual and progress reports

The scale of their philanthropy is directly linked to the fortunes of their business as stated by the Head of Investments for the Fauji Foundation;

‘The dividends from our business ventures and investments are the main financial resource on which the foundation relies to carry out its welfare projects’ (Interview with Head Investments Fauji Foundation, 2018).

However not all the foundations adopt the same model; the Fauji Foundation, being a very large business conglomerate spends almost one third of its gross profit on its philanthropic activities. In addition to this within its group of companies, the Fauji fertilizer and Mari petroleum, undertake CSR activities and are committed to SDGs which are delivered over and above the foundation’s welfare projects. In comparison the Engro Corporation is relatively small and donates one per cent of its gross profits for philanthropic activities of its foundation. The head of the Engro Foundation acknowledges its contribution

is not sufficient considering the needs of the country, but commented that in the context of other organizations in the country they were actually very generous;

‘The company contributes 1 per cent of our profit before taxation (PBT) to social welfare projects. In the national development context that is not sufficient but it depends on the perspective in which we are looking. We benchmark ourselves with others and actually find we are doing quite better than many’ (Interview with Head Engro Foundation, 2018).

Unlike these two charitable organizations, the other three organizations initially completely relied on donations. The first donors were the Chief Executive Officers (CEOs) themselves who donated quite a significant amount of their personal income and time to their organizations. The founder of Al Shifa trust, General Jahan Dad Khan was himself the first major donor and donated his pension funds which he received after 37 years of service in the army. Other startup funding was derived from the original board members of the trust (Khan, 2008). In much the same way, Imran Khan was personally responsible for initial funding of the SKMCH, he donated the £85,000 prize money he won as a result of winning the Cricket World Cup in 1992 and also organized several charity cricket matches to raise funds for establishing the foundation on a government allotted land of one acre. Likewise, the first interest free loan of \$100/= and the initial funds were donated by board members of Akhuwat Foundation (Saqib, 2016).

The majority of the philanthropic income received by Al Shifa and SKMCH are derived from donations. It is their credibility and trust that allow the two to attract large donations, both at home and abroad. Their marketing, human resource and media departments play an active role in raising donations. The networks of their board members, who have links with both influential individuals and with the wider business community is important as these regular donors provide the funding which allows them to sustain their philanthropic activities. However, the objective of Al Shifa and SKMCH is to generate additional revenue streams which will allow them to be self-sustainable. There are several examples of well-known and successful profitable institutions such as the Aravind eye hospital in Madurai, India and the Lumbini eye care center in Southern Nepal who operate a similar social enterprise model. Any long-term support that is dependent on external funders, be it private (Al Shifa and SKMCH Trust) or governmental (as in the case of Akhuwat), stands the risk of being highly unpredictable as a result of a change in governments priorities

or a tightening of funding by other organizations. These organizations have gradually moved from a complete dependence on donations, to income generation from endowment funds, foreign/local investments and organizational services. Income from these sources has contributed significantly towards economic capital, self-sufficiency and their vision.

SKMCH is a good example of an organization that has successfully transitioned its funding model to one which predominantly generates income for itself. However, it still relies on external funds and donations for up scaling its activities and outreach. Nonetheless, the following comments are illustrative of their efforts to generate increased income so that they can operate self-sufficiently;

‘There were times when we were completely dependent on donations. After ten years the hospital decided to capitalize on its strengths i.e generate revenue from its diagnostic services. Now part of our annual budget is met through sale of diagnostic services. We can be 100 per cent sustainable if we do not expand, we are a rare institution that has a large deficit yet it continues to expand from one big hospital to two and now the third in Karachi’ (Interview with Senior Medical Director SKMCH, 2018).

From the above information it seems that *scale*, *sustainability* and *change* are strongly linked to economic capital (Harvey et al, 2011). Fauji and Engro Foundations are continuously building their capacity, increasing the scale of their welfare activities which helps to realize economies of scale in their welfare projects. For the other three cases, the founder’s determination, management and planning skills, social capital, position, status, and hyper agency were more critical in enabling them to generate initial economic capital to start philanthropic projects. It is also evident that apart from donations at some point they have to find ways to generate economic capital for maintaining quality service and self-sufficiency. Further, developing strategic partnerships and linkages, discussed as below, is an essential part of philanthropic activities. Social capital of philanthropists enables them to have access to economic and cultural capital as both the forms of capital enhance their capability to pursue their ambitions of socioeconomic change in a sustainable manner.

### ***Social capital and philanthropic organizations***

In Asian societies networks of relations are driven by social context and social position (Gulati, 1998). A broad range of elite social structures and social relations play a key role in the functioning of the Pakistani society (Hofstede, 1980). Just as in the UK, various form of

social capital such as military ranking, titles and status carry great importance in Pakistani society (Islam, 2004). Strong family networks and clan-based structures of relations are manifestations of social capital important for navigating society (Alavi, 1989). Status and success are determined by the family networks which have entered the social, corporate, bureaucratic, political and administrative domains (Jalal, 1995; Kochanek, 1983). These family and kinship based social structures have also led to maintenance of economic capital and assets through within family marriages and a culture of *sifarish* (use of a recommendation or a connection to get things done or to navigate through bureaucratic hurdles) (Islam, 2004). Social capital is also gained through special dinners and parties where powerful and a broad range of elites from diverse fields gather (Armytage, 2015) and form broader social and strategic networks to minimize transaction cost, gain market power and information (Gulati et al., 2000). Inherent in this process of networking is the exchange of favors and gifts. Increased social capital and networks of relations on the one hand serves to reproduce social inequality, but on the other seem as an important strategy to protect status and elite power when the political and economic environment is unstable and regulations are weakly enforced.

The leaders of all the five philanthropist organizations belonged to diverse fields of power, corporate and non-corporate, and are differentiated by the amount of different forms of capital they possessed. For example the Fauji Foundation is proud of being an institution that people trust and have gained good reputation. Likewise Engro is rated as an outstanding organization for social service provision by the World Bank. They struggled in their sub fields of power and joined the elite power networks to influence policy (Harvey et al., 2011). They continue to seek the support of a diverse and broad range of elites at multiple levels and invite them to special events and galas to collect donations, and divert resource flow towards their philanthropic projects and create change.

### ***Cultural Capital and philanthropic organizations***

An institution is recognized by the capability of its professionals and the quality of service it offers to its clientele. As the Chairman Engro comments:

‘The fundamental difference between a top performing institution and not so good performing institution is the people. Both have the same assets, money, same everything, but two different sets of people and you get two different sets

of results' (Interview conducted by Amal Academy with Chairman, Engro Corporation, 2017).

Since the selected foundations are engaged in diverse areas of philanthropic programs, they have different needs, challenges and practices of drawing on knowledge and skills of the human resource i.e the cultural capital that form an important part of the organization and a significant percentage of cost. Table 6.5 below shows the human resource background and size of staff of the selected cases vary.

**Table 6.5: Cultural capital and human resource background**

Case	Cultural capital and human resource	Total Staff	Volunteers
Fauji Foundation	Ex-servicemen, managers, business, legal experts, finance, chartered accountants, IT experts, consultants, nurses, paramedics, professors & other staff	27000+	Nil
Engro Foundation	Business, finance, legal, consultants, managers	50	The Citizen Foundation, community members & Engro employees
Al Shifa	Consultants, eye specialists, researchers, nurses, paramedics, technicians, IT, finance, marketing, legal & other staff	650	Student, Professionals
SKMCH	Consultants, specialists, high tech trained radiation specialists, researchers, nurses, paramedics, technicians, IT staff, finance, marketing, legal, & cafeteria staff	3295	Companies, students, professionals
Akhuwat	Business, finance, legal, auditors, marketing and other staff	4427	9000 students, interns, professionals, researchers

**Source:** Author's original data and data taken from websites

The Fauji Foundation, who employs more than 27,000 staff sets a restrictive human resource criterion which only allows senior ex-service men from higher ranks to work in correspondingly senior roles, whilst the middle and junior level ex-service men and the clerical staff, work as support staff. However, for technical and professional positions the services of civilian managers like chartered accountants, director investments and finance, IT professionals are hired on regular positions. The rational given for such a series of policies



that it is being done for security purpose, although it might be considered to be a form of benevolence to encourage and normalize service in armed forces. Likewise all of the receptionists, telephone operators and administrators are the widows or dependents of ex-service men. For health care and education the staff includes a mix of ex-service men, and civilian doctors, paramedical, teaching/training staff and the administrative staff.

Many entrepreneurial philanthropists who establish corporate foundations tend to align their activities with the mission and policies of the parent company however, the situation is quite the opposite in the Fauji foundation. It has a very novel corporate structure, the foundation acts as the holding organisation and encompasses a group of companies under it.

The quote below illustrate and confirms that human resource management practices of the foundation are tightly linked to furthering its efforts in economic capital accumulation for support of its philanthropic activities. According to the General Manager of Investments;

‘Our management model has contributed well to the growth and scale of activities undertaken at the national level. We re-employ ex-service men for a term, and spend money to buy talent for new and fresh ideas. We have scaled up not just because of spending money but we have the right talent and management. We are not only here to make money but also to bring change and serve our people’ (Interview with General Manager Investments Fauji, 2018).

SKMCH has 3295 employees, whilst Al Shifa employs some 650 people. A significant proportion of employees of both organizations possess specialized knowledge and skills; doctors, nurses or medical professionals for example. However, the availability of these types of experts is fairly low and recruiting suitably qualified professionals is a big challenge. Similarly, SKMCH finds it challenging to retain specialized professionals trained or hired from abroad for their philanthropic projects, as explained below:

‘It is quite a challenge to run a cancer hospital. Our HR is very diverse but the core is the medical side, and retaining specialized and skilled employees is a challenge. Either we lose them to recruiters from the Middle East offering much higher salaries, or we lose them as the law and order situation deteriorates. Hiring information system specialists and setting up the IT system was challenging, buying it from abroad meant breaking our backs and yet customizing it was challenging’ (Interview with Marketing Manager SKMCH, 2018).

Therefore, it would be reasonable to comment that one of the limitations which hinder the growth of philanthropic projects in the country is lack of skills and availability of quality of human resource.

Akhuwat has a large workforce of 4427 and take a diametrically opposite approach to recruitment; they are not interested in hiring ambitious graduates, in fact, they believe in less well educated and willing workers:

‘Our management cannot be compared to any human resource model. Instead of hiring highly paid business school graduates I hired less educated, motivated and self-sacrificing workers. I trained them myself to inspire and transfer my or our boards’ vision to them. Their optimal work load is defined and they are more productive than bankers. They sit on floor mats and rely on bicycles and motorbikes to reach the poor and work extra hours on voluntary basis. Civil society, university students, scholars, researchers are also our volunteers and do great work for us’ (Interview with Head of Training and Product Development Akhuwat, 2018).

This indicates that not only do the human resource management practices vary among the five organizations, but their human resource needs also differ considerably. For example, the Fauji Foundation prefers to work with qualified ex-service men. If they cannot hire the correct person to fit the role then they hire specialized experts from the civilian work force. Others train their work force *on the job* to instill fresh knowledge, technological skills or to transfer their vision to the employees. To manage the issue of availability of professionals they adopt flexible approaches; the Al Shifa Trust addresses the issue by reaching the patients in remote areas of the country and organizes eye camps of specialized professionals. Further, retaining specialized professionals even in developed cities is an issue for security reasons. They also find it difficult to retain workers the hope is that like-minded people who support the philanthropic vision of the organization will want to work for the organization.

## **6.6 Partnerships and philanthropic organizations**

The third theme identified examines the role of partnerships in leveraging resources, and scaling up of philanthropic activities. Since the availability of cultural capital, knowledge and skills is a challenge in developing countries this gap is filled through partnerships by philanthropic organizations. Corporates, foundations and nonprofits do not exist in isolation and developing partnerships is found as a common practice of charitable organizations in

Pakistan. Such strategies are an attempt to leverage resources to enhance the efficiency and scale of their programs (OECD, 2018). Interestingly partnerships of charitable organizations are not restricted to a single partner instead they form multiple partnerships to achieve their goals (OECD, 2018). Table 6.6 illustrates the type of partnerships made by the selected cases discussed as below.

**Table 6.6: Partnerships of philanthropic organizations**

Foundation	Government partnerships	International development organizations	Knowledge partnerships	Private business partnerships
Fauji Foundation	.....	ADB, IFC, UNEP, UN global compact for socially responsible policies	Local partnership for community development, skills & Education development	Associated companies, investors, supply chain partners
Engro Foundation	To scale change in energy and agriculture	USAID, GIZ, DEG & IDB for community investments, skills education development	Local NGOs for specific areas in community investments	Underprivileged communities as business partners & employees in value chain
Al Shifa eye trust	Grant of land	WHO and Japan embassy for equipment	Lions club, Fred Hollows, ORBIS & Eversight, USA, IDRF & OEU Canada, Sight savers, UK for capacity building, cornea donations	Private oil companies sponsor surgical eye camps
Shukat Khanum Memorial Cancer Hospital	Grant of Land	WHO, UNHCR, World Bank	Research & Training organizations in Europe, Royal colleges, UK, drug trials, Knowledge & equipment transfer,	Awareness campaigns, patient support, (mobile companies WARID & Mobilink)
Akhuwat Foundation	Government welfare fund managed	UK AID	Lendwithcare, Helping humanity charity, UK, British Asian Trust.	.....

***Government partnerships***

The Chairman of the Akhuwat Foundation has access to government through his network of relations. He was formally a civil servant and had maintained a good working relationship with his former colleagues in government. With government support the foundations poverty reduction program was embedded in the government run national programs. As stated above

the continued links with ruling elite and bureaucrats through successive governments indicates the importance of social capital (Islam, 2004; Alwi, 1989) of the philanthropist in accessing ‘command over resources’ (Maclean et al, 2010: 328) to create social change as a ‘dominant agent’ (Maclean *et al.*, 2010; Maclean *et al.*, 2015b; Maclean & Harvey, 2008; Gordon *et al.*, 2010).

### ***International development agencies partnership***

Data reported in Table 6.6 suggests that philanthropic organizations partner with bi-lateral and international development agencies. Donors and development partners also acknowledge the role of philanthropic organizations in socioeconomic change and therefore partner with them (Martens & Seitz, 2015). All the five philanthropic organizations seem to be highly ambitious in developing strategic partnerships with well-known international organizations. For example, the Fauji Foundation is the partner of choice for many international organizations such as the ADB, the International financial corporation (IFC), and several International Development Banks (IDBs). It is also the beneficiary of financial assistance from the United Nations Environment Program (UNEP). Similarly, the Engro Foundation design and execute community and empowerment projects with financial partner and donors like the USAID, European Union, Deutsche Gesellschaft für Internationale Zusammenarbeit (**GIZ**), Deutsche Investitions- und ntwicklungsgesellschaft (DEG), Australian government, and others. SKMCH and the Al Shifa Trust partnered with grant making organizations like WHO, World Bank, and the United Nations Health Children Rehabilitation (UNHCR). These organizations provided grants to enhance their capacity and were comfortable in working with the two foundations for effective utilization of their funds. For example, UNHCR showcase SKMCH as a partner because of Imran Khan’s credibility. These partnerships explain and confirm the important role that social capital of philanthropists play in attracting external funding and other resources. However, the philanthropic organizations as implementation partners may not find it easy to meet the conditions attached to the community investment projects in remote areas. As an interviewee comments:

‘Often partnerships with renowned world organizations can be challenging in terms of the conditions attached to their projects .The resources that come from donors have their own conditions to be met’ (Interview with Business Sustainability Officer Engro Foundation, 2018).

### ***Knowledge partnerships***

Knowledge itself is a challenge in a developing country. No institution how much developed it may be can progress without sharing knowledge, ideas and advances in technology, particularly advances in the medical field (Khan, 2008). Data reported in Table 6.5 shows that philanthropic organizations partner with local NGOs in specific areas when they have little or no expertise in certain community investments. Such partnerships are common in Engro. For example, it works through philanthropy and sustainable enterprise development for an impactful and sustainable change by improving basic services like education, health-care and livelihoods. Its *'I Am The Change'* initiative provides grants and help local NGO in building capacity and impact. It also has partnerships with World Wide Fund for Nature-Pakistan (WWF Pakistan) and International Union for Conservation of Nature (IUCN) to work with the fishermen. In a USAID funded program *'Pathways to Success'* it partnered with local Indus Resource Centre (IRC), Technical Training College (TTC), Injaz Pakistan and Memon Industrial and Technical Institute to train and empower 1500+ adolescent girls in technical, vocational and entrepreneurship programs. It has also partnered in the health sector with the Blessing foundation and in the education sector it has partnered with The Citizens Foundation, Indus Resource Center and Care Foundation and also has adopted several government schools.

Al Shifa and SKMCH seem to be intensely dependent on multiple international knowledge partnerships for capacity building and modern technological skills. These partnerships also allow the organization to extend their reach to other geographic localities where there is limited or no provision of health services. Best practice in terms of service provision is delivered as a result of superior expertise and equipment of the NGO. For their part, these international organizations benefit by the symbolism of their mission; they accrue symbolic capital which is helpful in attracting donations and building their credibility to potential donors in their home countries. Additionally, patients in developing countries provide the medics who work with the Al Shifa Trust, the opportunity to research ailments prevailing in Asia. The multiple partnerships developed by Al Shifa and SKMCH with renowned academic institutions for access to knowledge and cultural capital are mentioned as below:

‘We are a WHO verified partner in fighting blindness and have different international partners for different projects. If support from these sources had

not come many of our patients from remote areas would still have been living in gloom’ (Interview with Resource Generation Manager Al Shifa, 2018).

For example, the doctors at Al Shifa have unforgettable stories of beneficiaries like a son wanting to fight his father’s blindness by donating one of his corneas, a mother wondering how to look after the children when she cannot see, and a husband lost his job because of low eyesight. The doctors perform about 800 cornea transplants annually, but demand for these treatments is much greater, many are on a waiting list for three to four years before being seen. Similarly, SKMCH has developed multiple collaborations with knowledge partners for research, teaching and trainings. Through these partnerships they are part of the international research team and capitalize on expert knowledge and technology available to them internationally.

‘We have multiple collaborations with international organizations on the medical, research, and the nursing side, for teaching, training, and multiple clinical and new drug trials. Our teaching training programs are approved by the college of Physicians and Surgeons in Pakistan and some by the Royal Colleges in UK. We participate in international meetings including College of the European School of Oncology (ESCO) and National Comprehensive Cancer Network (NCCN) and other research meetings to update our knowledge. We received multiple philanthropic awards from WHO for providing quality service’ (Interview with Senior Clinical Researcher SKMCH, 2018).

### ***Private business partnerships***

In addition to the formal commercial partnerships, the Fauji Foundation was found to have a number of private business partnerships companies, foreign private investors and various supply chain partners; for example, with organizations that supply their materials and equipment components. Such strategic partnerships enable them to invest in new areas and make financial returns on these investments. Their partners benefit because often such arrangements form part of an organizational CSR policy. In comparison the independent foundations do not keep regular partnerships with private businesses, mainly because they are more focused on their core philanthropic activities;

‘Private oil companies sponsor and make all logistic arrangements for our school children eye screening camps and surgical eye camps in remote areas of the country’ (Interview with Administrator Community Programs Al Shifa, 2018).

‘We do not have regular partners but we do have sponsors for supporting our anti-tobacco and breast cancer campaigns. We also have private business partnerships for treatment or meal sponsorship of patients’ (Interview with Head Clinical Research at SKMCH, 2018).

In conclusion, each philanthropic organization actively seeks different types of partnerships contingent on a range of variables such as their size, mission and organizational form. It confirms Bourdieu’s capital theory that economic capital, cultural capital and social capital constitute essential elements of philanthropic activities in all the cases but the extent to which they are utilized vary considerably between them.

## **6.7 Conclusion**

I began this chapter by posing the question; *how and to whom are Pakistan’s largest philanthropic organizations accountable?* The findings highlight there is a variable approach to governance within the philanthropic sector in Pakistan. It is shown that although all the charitable organizations have similar missions related to delivering some form of socioeconomic change, they have vastly different governance structures. Therefore, a mix of agency and hegemony patterns of governance are prevalent which vary according to the history and mission of the organization. For example, the Engro and Fauji Foundations draw their board members exclusively from a defined pool, in the case of Engro, from the staff of its parent organization and in the case of the Fauji foundation, from the military. Therefore, there is an absence of independent directors who both perform a key agency function and enhance their image as legitimate and trustworthy philanthropic organizations. The independent charitable organizations studied here are more progressive in their governance. Their boards include a mix of executive and independent members both perform their agency function and enhance their image as legitimate and trustworthy philanthropic organizations. Donor and public confidence in them are high. While, the Fauji and Engro foundations are not equally as progressive. This disparity suggests the need for a common code of governance for all charitable organizations, amongst other things such a code could insist that all boards should have a high degree of independent board member representation and a modest proportion of female members.

In addition, three themes are identified from the data, including the role of boards and management, capital and partnerships. First, these provide some insight about the role of

boards and management influencing the performance of philanthropic projects. The boards have a monitoring as well as a supportive role to play. In general, it is found there is no one-size fits-all governance arrangement of philanthropic foundations because context largely determines their structure and conduct (Ostrower & Stone, 2001). The type of foundations and their philanthropic activities are found to significantly influence their governance practices, their board size and compositions vary widely (Callen et al., 2003).

Even though similar responsibilities exist in all foundations, there are also important differences in the strategies by the 5 foundations which were tailored to be most effective for achieving their aims. The management of organizations in our sample is varied and implements the welfare programs. In some cases there is a clear distinction between governance and management practices, while others exhibit a duality of role of the chief executive. However in all the organizations the chief executive is supported by a team of professional experts and administrative staff. Their role is to manage the day to day operations and to supervise and plan the welfare operations, as one of their key function, and maximize the outcome and impact of their philanthropic interventions.

Second, a limiting factor in philanthropic activities is the role of capital. Fauji and Engro relied on the finance provided by their parent organization. They actively focus on their commercial activities and wealth creation in order to support and sustain their philanthropic activities rather than benevolence and charity. Although all the five foundations had accumulated social and symbolic capital, the three independent foundations initially relied more heavily on the ownership of social and symbolic capital as a way of attracting grants, donations and other forms of philanthropic investment. Their philanthropic development was more experiential which is reflected in their current philanthropic model. Likewise, their human resource needs tended to vary, dependent on the type of philanthropic activity the foundations are engaged in. Some draw on trained or specialized human resources who possess specific knowledge and skills, whilst others prefer to hire less educated and willing workers. Third, one of the ways these problems have been mitigated is by nurturing partnerships with international NGOs. These partnerships have developed capacity in all forms of capital and were found to be critical for the growth of their philanthropic and business activities and enabled them to create socioeconomic change on a larger scale.



The principle contribution of the chapter is it applies the lens of two governance theories to the role of charitable organizations, an almost un-researched area in developing countries, particularly Pakistan. Empirically, it highlights the potentially transformational role that applying business practices to philanthropic projects in developing countries, such as Pakistan, can yield. It illustrates the significance of Bourdieu's capital and the link between the four forms of capital in the practice of philanthropy. Further, it showed the interconnectedness and importance of the different forms of capital and philanthropy in socioeconomic change. Much like other sectors in Pakistan, my conclusion is that where more exacting standards of governance are developed, trust and confidence will increase, which ultimately could lead to an increase in philanthropic giving from donors at home and abroad. This reform could take place by developing a special commission who would have the power to develop a comprehensive rules-based code of practice. This could revitalize existing philanthropic activities in the country and importantly, encourage foreign donors to increase their involvement in the country.

## Chapter 7 - Philanthropic Innovations and Impact

### 7.1 Introduction

This chapter explores the importance of philanthropy and social innovation in meeting unmet social needs and consequent impacts, guided by the question *how do large charitable organizations contribute to socioeconomic development in Pakistan?* Social innovation and new ideas have the potential to address social problems and improve ‘the quality or the quantity of life’ (Pol and Ville, 2009: 881). Philanthropy, according to Payton and Moody (2008:36), has the potential ‘... to relieve suffering or meet other pressing needs, to improve the quality of life ... for social change.’ Put more succinctly, philanthropy has the potential to address complex and persistent socioeconomic inequalities (Harvey et al. 2011; Smith and Stevens, 2010). Vital to social innovation is the concept of social entrepreneurship, defined as ‘an innovative way of tackling unmet socio-economic needs’ (Shaw and Carter, 2007: 418). Basically, this involves taking an entrepreneurial approach to solving social problems (Corner and Ho, 2010; Chell et al., 2010), but putting the social mission first (Dees, 1998), as opposed to the profit motive animating traditional entrepreneurship (Shane and Venkataraman, 2000). The accepted definition of entrepreneurial philanthropy, informing what follows in this chapter, is ‘*the pursuit by entrepreneurs on a not-for-profit basis of big social objectives through active investment of their economic, cultural, social and symbolic resources*’ (Harvey et al., 2011: 428).

Recognizing the importance of social innovation, this chapter identifies four themes within the project data: the social innovation process, social innovation and resource generation, social innovation as a learning process, and the impact of social innovation on service delivery and employment creation. A comparative case analysis is conducted in pursuit of answers to important questions. How similar are the approaches taken by philanthropic organizations and why have some performed better than others? What learning processes are in play and how have these enabled obstacles to be overcome? What is the role of social innovation in social value creation in developing countries? These questions have not been addressed in-depth before in the literature on philanthropy and socio-economic development.

The chapter is structured as follows. The following section presents a general overview of the two broad approaches adopted to study social innovation. There follows a

section on data analysis and the identification of key themes. In the following four empirical sections we examine in turn each of the four innovation themes emerging from data analysis. The final section brings the thematic analysis together, summarizes the main findings and answers the research question posed at the start of the chapter.

## **7.2 Two approaches to the study of social innovation**

Studies of social innovation have taken two broad approaches (Nicholls, 2010). The first is to observe successful cases and accord a central role in their success to prominent social entrepreneurs (Gabriel, 1995). The second and less common approach is to examine how socially innovative practices support community level engagement in addressing specific issues (Dees, 2008; Hazelkorn, 2010; Johnstone & Lionais, 2004; Maclean et al., 2012; Peredo & Chrisman, 2006; Perrini et al., 2010; Ram et al., 2008; Tapsell & Woods, 2010), enabling communities to ‘make a difference towards their own situation’ (Steyaert & Katz, 2004:192). Both types of study analyze the social innovation processes in relation to the sociocultural context (Pol & Ville, 2009), the local setting in which it occurs, illustrating how social capital is leveraged to create social change (Maclean et al., 2012; Harvey et al., 2011). Both approaches are relevant to the cases documented in this thesis, providing good examples of local embeddedness and the application of different forms of capital, particularly social capital, in socially innovative philanthropic practices in Pakistan.

This chapter examines social innovation processes as a source of change in terms of creation of new organizations and modification or replication of the existing organizations. Of a sample of corporate owned foundations and private independent philanthropic organizations. The goals of the five cases examined here with respect to social change are broadly similar, seeking to change the lives of many by lifting them out of poverty, hunger, illiteracy and disease. They had the inner drive to innovate, identify social needs, make strategic interventions, and adopted new models to achieve their goals of social change. However, significant differences exist in the ways in which they identify social needs, priorities, strategies, and in up scaling their projects and impact.

Two of the foundations studied combine the economic resources of their corporate entities with extensive cultural and social capital in pursuit of social change, consistent with the findings of Harvey et al. (2011: 428). This is consistent with other findings showing that entrepreneurs accumulate wealth and spend part of it on philanthropic activities through their

foundations (Bishop & Green, 2008; Schervish et al., 2005; Shaw et al., 2013). However, the social innovation processes of both the foundations differ significantly. For Fauji, the concern is to earn and serve, providing beneficiary needs in a sustainable manner as its primary goal. Engro, in contrast, is more concerned with social renewal at the community level (Maclean et al., 2012), emphasizing self-organization and change in social relations in specific social settings (Mumford, 2002) to ‘strengthen communities’ (Wellstead, 2011:7). Its interventions are intended to embed modern management systems and entrepreneurship mindsets in rural communities to break free from traditional ways. Engro pursues a neo-liberal approach in providing the opportunities for agricultural communities to develop capabilities and enable them to compete (Sen, 1993, 2009) on an equal footing (Nussbaum, 2011).

While influenced by the sociocultural context (Pol & Ville (2009), the independent foundations have a higher degree of freedom than their counterparts and benefit from abundant social capital and extensive networks of relations. As a new form of hybrid organizations that combine social wealth creation with economic wealth creation to generate resources and achieve their goals of social change. On the one hand their focus is on social value creation and they engage in complementary economic value creation to generate resources necessary for financial sustainability and the scaling up social activities. On the other hand, they take advantage of the values and tradition of philanthropy within Pakistani society and motivate different partnerships, donors, volunteers and employees to pursue social goals. They are not locally bound and initiate programmes across multiple cities and regions of the country. For example, Akhuwat benefits from social relations and dialog in striving to alleviate poverty, transporting its programmes from one locality to another when there is local support. In contrast to the neo-liberal approach, independent foundations do not view competition as the only path to social progress. Social needs are addressed with respect for traditional values and feelings and social innovation is linked to geography, local embeddedness and socio-cultural contexts (Austin et al., 2006; Granovetter, 1985; Ram et al., 2008; Smith & Stevens, 2010; Tapsell & Woods, 2010).

### **7.3 Data analysis and identification of key themes**

Table 7.1 shows how the four key themes discussed below were identified through application of the Gioia method of inductive data analysis (Gioia et al., 2012).

**Table 7.1: Philanthropic innovation and impact**

Illustrative quotations	2 <sup>nd</sup> order themes - innovation concepts	Aggregate dimensions
‘My mother had cancer there was no cancer hospital and no pain killing drugs were available. I wondered at the level of care given to the majority poor.’ Chairman, SKMCH ‘Our board makes major decisions about our welfare programs’ Director, Fauji Foundation	<i>Needs identification---</i> Personal experience and board members identify unmet social needs	<i>Identification of needs, strategies and objectives</i>
‘I shared my idea with the professionals and all of them rejected it’ Chairman, SKMCH ‘A few likeminded friends joined me’ Chairman, Akhuwat	<i>Information sharing---</i> formative period and exchange of ideas	
‘To develop a master plan for a tertiary care, state- of- the- art, institution in a developing country was a daunting task’ CEO, SKMCH	<i>New organization---</i> starting from scratch	
‘His motivation was to change the microfinance program. He wondered why those following their ideology have no option in the financial system’ Manager, Akhuwat	<i>Modification of existing organizations---</i> to make it more inclusive	
‘I sleep little my wife says you work even in sleep. I wake at 3 AM and sleep between 6 to 7 A.M’ Chairman, Akhuwat	<i>Time.</i> —innovators work tirelessly	<i>Generating the resources needed to deliver change</i>
‘It was a great surprise, and heartening, that people, within and outside Pakistan, donated enthusiastically. To his account are the tireless efforts, credibility and trust’ CEO, SKMCH	<i>Funds---</i> soliciting funds needed tireless effort and trust	
‘First a Canadian eye bank became our main source of cornea donation not available locally’ Manager, Al Shifa	<i>Partnerships---</i> made a difference	
‘Upholding merit in treatment and transparency in use of funds is challenging in a developing country for a health care institute that runs on public donations’ Medical Director, SKMCH ‘We follow high ethical practices and do not pile up wealth’ General Manager Investments. ‘We do not say 88-year-old cannot be treated’ Manager Al Shifa	<i>Ethical and cultural dilemma---</i> the use of donations and treatment of patients	<i>Recognizing obstacles to change and learning how to overcome them</i>
‘Our society has produced poor managers sometimes I get complaints about staff behavior. The respect to borrowers is not the same as it should be’ Chairman, Akhuwat	<i>Management &amp; cultural issues---</i> commitment to organizational ideology	
‘The energy crisis in the country affected our industry so we had to think of alternatives, otherwise how can we continue with our welfare programs’ General Manager Fauji	<i>Economic factors---</i> affect social change	
‘There were conflicts of interest with the politicians in the allotment of land for regional eye hospitals. They wanted it in their constituencies’ Executive Director, Al Shifa	<i>Political factors---</i> affect social innovation process	
‘It is unbelievable so many patients are treated for free. If this hospital was not there I and many poor would not be alive’ Beneficiary, SKMCH	<i>Goal achievement---</i> service to the poor	<i>Achievements and impact</i>
‘We have been fighting poverty and unemployment for two decades disbursed more than PKR 100 billion, benefiting more than 4 million families’ Chairman, Akhuwat	<i>Quantitative achievements---</i> also a measure of social innovation impact	
‘We have been providing welfare services countrywide and our beneficiaries stand over 9 million annually Fauji ‘Income of milk producers doubled and of rice farmers increased Engro		

The first step in this analytical procedure was to code naturally occurring constructs within the body of interviews conducted during my field research. In total, I identified 73 first order codes, which were then systematically grouped to identify 13 second order themes or

innovation concepts. Each of these is identified with a set of first order codes and quotations, some of which are shown illustratively in Table 7.1.

A second round of grouping then led to the derivation of four aggregate dimensions, referred to below as the key themes discussed by interviewees. These themes might be thought of as groups of issues that seem to interviewees to be of primary importance in the process of social innovation: identification of needs, strategies and objectives; generating the resources needed to deliver change; recognizing obstacles to change and learning how to overcome them; and, achievements and impact. The Gioia method is a challenging exercise in sense making that works from the bottom-up, from raw data to thematic generalization. It is a process of data distillation that groups relatively similar utterances under a limited number of defined thematic headings.

#### **7.4 Identification of needs, strategies and objectives**

##### ***Needs identification***

Social innovation in the first place requires identification of unmet social needs, not yet generally recognized or inadequately met by government (Fowler, 2000, Perini et al., 2006; Shaw & Carter, 2007). Recognition of a social need requires the ability to question the *status quo* and to begin putting right that which is perceived to be wrong (Mair & Marti`, 2006). A social need may be identified due to personal experiences (Mumford, 2002) or heightened sensitivity towards the suffering of others (Chell, 2007). Bold and innovative initiatives require an ability to envision a better future (Kirzner, 1973) and how this might be achieved (Zahra et al., 2009). Social innovators then develop innovative services for those in need without regard to profit (Austin et al., 2006).

As shown in Table 7. 2, in three of the five cases researched (SKMCH, Al Shifa and Akhuwat), unmet social needs were personally identified by the founders of their respective independent foundations. Their sensitivity and unique personal life experiences enabled them to recognize unmet social needs. They reflected upon the identified issues, its effect on society and attached social value to providing solutions to the problems they observed. They were motivated by personal circumstances and life experience to act philanthropically in the service of others. For example, the personal experience of the chairman of SKMCH, Imran Khan, brought him to realize the deficiencies in treatment in Pakistan stemming from treating cancer patients in general hospital wards under the supervision of non-specialist doctors with

limited access to drugs or modern equipment and facilities. This was the point of origin of the innovative idea of SKMCH and the need for a cancer hospital that makes available free treatment to patients without the funds needed to cover the costs incurred. As Imran Khan has explained:

‘I still remember taking my mother to a hospital, there was no special cancer hospital in Pakistan which could deal with the disease. I wondered at the level of care given to the majority of the poor’ (Silver jubilee ARY Digital Telethon with Chairman of SKMCH, 2020).

A SKMCH interviewee confirmed:

‘His inspiration was not just his mother; it was the ordinary people whom he came across during his search for cancer care in Pakistan and he realized that they had nowhere to go’ (Interview with Marketing Manager at SKMCH, 2018).

Likewise, the president of the Al Shifa eye trust, General Jahandad Khan, was personally motivated to provide better primary and hospital care for blind people by having a blind daughter and by reading a World Health Organization report on the plight of 3 million blind in Pakistan. He vowed long before he retired to help the nation in combatting the scourge of unnecessary and treatable blindness. One interviewee stated that he believed:

‘Many of the sightless lose their eyesight due to delay in treatment or lack of proper treatment. They can be rescued from losing their sight by getting timely and proper treatment’ (Interview with Executive Director at Al Shifa, 2018).

Dr Amjad of Akhuwat foundation similarly had the opportunity directly to observe rural poverty and the financial vulnerabilities of the poor. His personal observations convinced him to leave paid employment to pursue his passion for microfinance and financial inclusion to serve the needs of the poorest members of society.

**Table 7.2: Needs Identification**

<b>Cases</b> <b>Needs</b>	<b>SKMCH</b>	<b>Al Shifa</b>	<b>Akhuwat</b>	<b>Fauji</b>	<b>Engro</b>
<b>Identification of need</b>	Personal experience	Personal experience	Personal experience	Familiarity with social context	Familiarity with social context
<b>Need</b>	Lack of cancer hospitals and drugs	Lack of primary and tertiary eye care	Lack of access to microfinance for poorest people	Former service personnel need access to education, health and jobs	Unmet community needs near remote business sites
<b>Motivation</b>	Poor cannot pay for expensive treatments	Poor lack awareness of treatments available and unable to pay medical expenses	Poor lack access to loans to cover basic needs	Support for retired servicemen and dependents	Win goodwill of people living nearby business operations

At the two foundations studied (Fauji and Engro), however, personal identification with a social issue did not drive the organizational mission. In these cases, the key decision makers are the board members of related for-profit corporations. What has driven them is the socio-cultural environment in Pakistan. Here the motivation is less idealistic and more parochial, driven in part at least by business considerations, leading them to support the communities in which they operate. In other words, the decision-making power lies ultimately with corporate management, as the following quotations confirm:

‘We have a fundamental belief that institutions are not charitable; it’s the people who are charitable. If you make an institution charitable, what you are doing is providing quality services at discounted prices. It won’t last long. It’s the job of those who are involved with an institution, the chairman and the board members, to decide and provide the resources and ensure that this is needs based ... Our value chains determine where we go because corporate foundations are subservient to corporates strategy’ (Interview with Head of Engro Foundation, 2018).

Likewise, at Fauji, board members set the goals of the foundation and determined what projects should be undertaken for the benefit of ex-servicemen. Therefore, the foundation is bound to pursue goals determined by its parent organization or the boards. As one interviewee explained:



‘Our [corporate] board makes the major decisions about our welfare programs, and we cannot divert from our objective by going into other areas of welfare’ (Interview with Director of Education at Fauji Foundation, 2018).

This confirms that needs identification in the selected organizations proceeds in very different ways. In case of independent foundations, needs identification is driven by the personal experiences of the founders. At the other two foundations, needs are identified by corporate board members in the business interest. This said, there is an acute awareness at all five organizations that the root cause of socioeconomic problems in Pakistan stems from socioeconomic backwardness. Hence the determination is to help in overcoming problems of ill-health, lack of educational opportunities and access to employment (Zahra et al., 2009).

### ***Information exchange***

There is general agreement within the selected organizations that innovative solutions to perceived social problems should be founded on sound information and exchange of ideas. Initially, the three independent social entrepreneurs consulted close friends, specialists and colleagues for feedback and support. The novelty of their ideas initially provoked mixed reactions. For example, Imran Khan did not know precisely how to realize his vision and began by presenting his plan for a proposed cancer hospital to 20 professionals, which initially almost all rejected except one who thought he could build the hospital but cannot run it for free. However, despite limited personal financial resources, he persisted. He approached Dr Nausherwan, Professor of Medicine at the University of Connecticut Health Center, USA, who agreed to help design the hospital on four conditions. First, the hospital should have the status of a non-profit charitable organization. Secondly, it should have the best available equipment and offer advanced diagnostic and treatment services. Thirdly, it should provide free or subsidized treatment to all patients without the means to pay. Patients avoid going to see a doctor as they are often unable to afford expensive investigations (Asim, 2013). Fourthly, the government of Pakistan should have no direct role in its management (<http://www.cancercontrol.info/2019-4:1>).

Dr Amjad likewise consulted international experts in microfinance from Bangladesh and South America at the beginning of his philanthropic venture. For most experts, interest free micro- finance was a novel idea, giving rise to many difficult questions. He writes that ‘when I shared my idea of interest free microfinance with Professor Yunus of Grameen Bank

in Bangladesh, his immediate reaction was: Those who object to service charges do not understand microfinance, there is no other way. If they are so concerned about the poor then let them show how interest free system works' (Saqib, 2018: 22). Still, he was unwilling to compromise, and initially only a few likeminded friends joined forces with him as funders and members of the foundation's board. The president of the Al Shifa eye trust was more fortunate in having access to a network of relatively wealthy colleagues and friends who from the start supported the creation of a modern eye hospital to help in curing blindness.

At each of the other two foundations, the way forward was charted by conducting community needs assessments in selected locations, engaging with community leaders to legitimize priorities. This led them to focus on the interrelated problems of ill-health, poor education and underemployment.

### ***Creating new organizations or modifying existing organizations***

Having evaluated the feasibility of socially innovative ideas, the next stage at each of the case organizations was to create an organization to deliver their projects and programmes. Mumford (2002: 253) defines social innovation as 'the generation and implementation of new ideas about social relationships and social organizations.' Emphasis is placed on the role of 'social settings, relations and self-organization' (Maclean et al., 2012: 7). New organizations are expected to improve the quality of life by introducing modern management systems in tackling identified social needs.

The research data reveal significant similarities and differences between cases. The main similarity, as shown in Table 7.3, is that the goal in all cases is either social or socio-economic change. The main difference is that the social innovation process was quite different among the selected cases. SKMCH and Al Shifa created new specialisms within the healthcare sector in Pakistan, in the process raising standards and changing norms. In effect, they were the standard bearers of modernization of healthcare as a social institution, confirming the socially innovative role of philanthropy as witness in other countries across history (Harvey et al., 2019).

**Table 7.3: Classification of social innovations**

<b>Case Innovation</b>	<b>SKMCH</b>	<b>Engro</b>	<b>Fauji</b>	<b>Al Shifa</b>	<b>Akhuwat</b>
<b>Goal</b>	Social change	Socio-economic Change	Social and economic change	Social change	Socio-economic change
<b>Type of innovation</b>	Created new organization	Created new organization	Created new organization	Created two new organizations and emulated one existing organization	Modified an existing organization, and emulated by government
<b>Social innovation</b>	First international quality cancer hospital in Pakistan	First value chain inclusive business models of rural enterprise	Unique welfare model that 'earns to serve' its beneficiaries	Opened first tertiary eye care facility, Primary eye care in remote areas.	First interest free microfinance provision

**Source:** Data from interviews.

Akhuwat, though not the first microfinance organization, changed the existing arrangement by charging no interest, which persuaded the government, as a larger and more powerful actor, to follow suite. Meanwhile, Engro and Fauji, in encouraging the development of capabilities and market-based solutions to social ills, provide interesting examples of corporate funded philanthropic endeavors. Thus, the social innovation process differs most significantly between the three independent and other two foundations. In the latter, entrepreneurship is a precursor and helpmeet of philanthropy (Harvey et al., 2011), whereas at the former wealthy donors from home and abroad gift surplus resources to freely support inspirational social purpose organizations of high repute.

***Social innovation and creating new organizations***

Creating new and socially innovative organizations that bring about change - breaking from tradition to do things differently within a field or sub-field of human activity – is not something that can be accomplished lightly or with sure and certain outcomes. My fieldwork brought me to the conclusion that solving the deep-seated socio-economic problems of countries like Pakistan requires exceptional, persistent and creative efforts to bring about long lasting improvements in economic and social conditions. To make this point less abstract, more concrete, I report in what follows in the remainder of this sub-section on three fieldwork encounters that have profoundly shaped my thinking on these issues.

### ***Shaukat Khanum Memorial Cancer Hospital (SKMCH)***

SKMCH is in the busy city of Lahore and built on government granted 20-acre plot of land. Its modern hospital building is surrounded by open green spaces, and a big duck pond that provides a relaxing environment for the patients and their families. It creates an impression very different to those created by crowded public sector hospitals. Its busy doctors and management spared time to make a presentation and respond to my questions openly.

SKMCH began treating patients in 1994, even though construction was not fully complete. It was established to provide specialized treatment to cancer patients. This service was not offered previously, either in government or private hospitals. In 1990, to create healthcare facility of international standard, US based medic, Dr Nausherwan, took a sabbatical to develop the facility, becoming its first CEO. He writes:

‘To develop a master plan for a tertiary care, state-of-the-art, cancer institution in a developing country was a daunting task. No reliable statistics on cancer incidence in Pakistan were available in 1990, concepts of modern hospital management did not exist in the country, nursing training had not kept pace with modern trends, and there was a dire shortage of trained ancillary health staff. Thus, I was presented with a tabula rasa to develop what would be a unique experiment in the country’  
(<http://www.cancercontrol.info/2019-4:1>).

This quote neatly encapsulates the socioeconomic challenges facing healthcare reformers in developing countries. An experienced architectural firm, Arrasmith, Judd, and Rapp of Louisville, Kentucky, agreed to design the hospital in Lahore. The modern hospital building was built according to the standards of US based Joint Commission on Accreditation of Healthcare Organizations (JCAHO) hospital building codes. Such codes had never been applied before in Pakistan. It was a learning experience for all involved. The hospital initially had a capacity of 250 in-patients, and it was projected to have 25,000 outpatient visits (each outpatient having multiple visits) in the first year of its operation. Running the hospital required the development of new skills and knowledge, necessitating the hiring of foreign trained physicians, the development of hospital administration systems and training other employees. It was decided to hire two US based hospital administrators familiar with the latest cancer management systems who might then train local staff in managing materials, information systems, facilities, sterile supplies and a laundry. A Director of Nursing was recruited from California together with specialist nurses from the UK, Ireland and South

Africa who were charged with training local nurses. They started the first diploma program for oncology nursing in the Middle East and Asia.

A cancer hospital being capital intensive, the first MRI scanner in Pakistan was installed in 1994 and later the first PET scanner. Deals for the supply of standard cancer drugs were made with supportive multinational pharmaceutical companies. At the time, having an in-house pharmacy, a blood bank and donor testing for hepatitis and HIV were all innovative developments, later copied by other hospitals. Patient management and hospital administration software made were developed locally and shared with government hospitals without charge. In 1994, a symbolically intense precedent was set when the new model hospital was ceremonially opened by young female patient in preference to a political leader. Within a few years, the hospital was accredited by JCAHO for compliance with the highest international hospital management practices. The hospital has grown since in scale and scope treating 10,000 patients annually. It has a staff of 3,295 in Lahore and 600 at a satellite facility in Peshawar. However, the number of new cancer victims annually in Pakistan is estimated to be 150,000, indicating that SKMCH is meeting about 10 percent of current demand. A second satellite hospital has been opening recently in Karachi and screening takes place at walk in diagnostic centers in 50 other cities. SKMCH has thus grown progressively to become a health care system; one that because of unmet demand is constantly under pressure to accept more patients. Government hospitals do now have cancer wards and treatment centres, but there remains a big gap between demand and supply of cancer treatment. In other words, SKMCH has proved itself to be a highly innovative and responsive philanthropic institution, developing fresh capabilities and setting high standards in a developing country. As a first mover, it has been emulated by others in the sector, but it remains the trailblazer and champion for sophisticated and effective treatment of all types of cancer in Pakistan. At present, 21 small cancer hospitals diagnose and treat cancer. In addition, 50 large urban based general hospitals also provide treatment of cancer with chemotherapy and/or radiation (Asim, 2013).

### ***Engro Foundation***

The Engro Foundation, as the charitable arm of the Engro Corporation, one of the largest and most progressive companies in Pakistan, is dedicated to sustainable community development. It is through Foundation that the Engro Corporation satisfies its corporate

social responsibility obligations. The essential idea behind the foundation, its motivation, is to promote the socio-economic modernization of Pakistan by developing entrepreneurial skills and engaging more people, especially the rural poor, in the market economy. The Engro Corporation, following a management buy-out of an Exxon Corporation subsidiary in 1991, began as a manufacturer and distributor of fertilizers. It has since acquired and organically developed businesses in other sectors, notably in the chemicals, energy and food processing sectors. The Corporation and the Foundation are at one in seeking to combat rural poverty and the cultural and social attitudes that constrain economic growth and standards of living.

As a researcher, I was intrigued to discover how the Foundation's commitment to rural entrepreneurship was enacted at the grassroots level. My principal contact was with a project director, an agricultural consultant, based at the Foundation's branch office in Lahore. The director began by explaining the *theory of change* underpinning Engro's value chain projects in rice growing. The problem is that most farmers are smallholders sowing poor quality seeds, limiting production and the market value of crops. Through its training programmes - Partnerships and Vale Expansion (PAVE) and System Productivity Innovative Rice Training (SPIRiT) – Engro aims to persuade small farmers the virtues of sowing higher quality certified seed. Better yields mean larger crops and surpluses that might be sold to Engro, making rural entrepreneurs out of peasant farmers. The same aspiration applies to milk production in which women play an important role. Here, the Women Empowerment Livestock Development program (WELD) and Strengthening Entrepreneurs and Dairy Stakeholders Network (SEaDS) develop the skills of rural women to produce surplus milk that can be sold into the Engro supply chain. In a social media interview, the Chairman of the Engro Corporation explained how such interventions help reduce inequalities:

‘Milk today is produced as 1600 liters per animal per year. If we can go from 1600 to 3200 liters without increasing the number of animals we can actually create enormous wealth for the low income farmers who own cows and buffalos. It is nothing to do with the government nothing to do with the bureaucracy just market supply and demand. There were United Nations trainings on animal management and Engro got involved in those trainings with animal health workers. That is how we are thinking of increasing milk production. If a farmer starts to have bigger income what are their interests of doing with that income, in Punjab their interest is spending it on their children's education it is very interesting’ (Interview conducted by Amal Academy with Chairman of Engro Corporation, 2017).

It is an example of expanding the pie rather than just slicing it and a great example of how businesses can contribute to society, add value and help grow a market that does not exist again in the best interest of humanity. Thus, both the rice and milk programmes lead to increased production for a readymade market and its other similar programs. As the Engro Foundation Head explained at interview:

‘We link the beneficiaries with our value chains as our suppliers. Anything we do to increase their capacity to ensure the availability of essential products and services, it benefits them and there is an element of sustainability in it’(Interview with Head of Engro Foundation, 2018).

Engro’s philanthropic programmes are socially innovative because they boost production and provide a market for the surpluses produced by rural farmers. Those who grasp the opportunity, either by taking over more land or by organizing village cooperatives emerge rural entrepreneurs, welcoming fresh opportunities for growth and development.

I wanted to see how this worked in practice. I went to talk to rice farmers nearby the city of Shiekhupura to discuss the impact on them of converting to sowing certified seed. The area is famed for producing export quality rice, but I witnessed at fist-hand the low productivity and continuing backwardness of those who had rejected Engro’s offers of training. At another farm site I met with others who had just registered for the Engro training programmes. Unlike big landlords, they had no ‘*dera*’ (a sitting place) and seemed to lack awareness and self-motivation. Bringing them into its supply value chain was evidently a huge challenge. They were reluctant to take the risk of trying modern methods of cultivation. As one young farmer explained:

‘We are poor people with limited means and cannot afford new technologies, so we rely on old farming methods. The big landowners do not share their practices with us. On our own we cannot take the initiative of adopting new methods and cannot risk starvation by our families. Changing from old methods to new, less familiar ones is difficult’ (Interview with Beneficiary of Engro Foundation, 2018).

Another shared his experience of changing from old to new ways:

‘Changing our methods of cultivation that our ‘waderay’ elders taught us was difficult, and we were not sure how much the yield can increase from the same land. Sir [Engro project leader] had several meetings with us and shared some videos and pictures about the benefits of adopting modern methods and how partnering with Engro can increase our earnings. We were not seed minded and

never thought of seed multiplication and seed supply enterprises’ (Interview with Beneficiary of Engro Foundation, 2018).

However, learning new ways and taking the risk to change had paid off. By using certified seed, modern methods of sowing, use of better harvesting equipment and timely applications of fertilizer, yields had increased from 20-25 tons per acre to 45-48 tons per acre. Less water was required, cost per ton decreased and profitability had markedly increased. Directly selling to Engro had reduced and saved on transport costs and the costs of selling through dealers. They received higher prices and immediate cash payments.

Clearly the agricultural consultant recognized the need for change:

‘Developing countries are faced with a global world where disruptive technologies are changing everything. What was assumed as fixed, reliable and stable is not the same. We have to embrace new technologies and adopt change. The ability to analyze changing circumstances, taking advantage of change and overcoming challenges is important otherwise you do not develop and grow’ (Interview with Consultant Agronomist at Engro Foundation, 2018).

Similarly women participation in Engro’s projects is viewed as a positive change by a trainer:

‘Engro trainings give women awareness about the importance of improved food resource which they can use for domestic consumption and improved health as well as market it to attain income stability as a cover against crop failure (Interview with Trainer for women at Engro Foundation, 2018).

I left the research site impressed by what had been accomplished. The Engro Foundation through its training programmes has developed a socially innovative means of combatting rural poverty, increasing the spending power and ambitions of rural entrepreneurs. Engro’s rice and milk value chain programmes have for the first time in Pakistan brought a large multinational enterprise into a working partnership with a large and growing number of small farmers<sup>33</sup>.

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<sup>33</sup> (Jonathon Kimmit et al., 2020) studied entrepreneurship and poverty in relation to three life circumstances of the poor involving (*social, environmental and personal aspects*) and found that more than one entrepreneurial path exists (against the conventional one income driven path to poverty). That is change in three different life circumstances can give rise to three forms of entrepreneurships (*individual market, family frugal and family inwards*) which yield lasting solutions to poverty. In addition, to the common *individual market* type of entrepreneurship (the conventional market-inclusion view) two other types of entrepreneurship activities (the *family-frugal* type related to the health and bonding with close relations, and the *family-inwards type* is a type of entrepreneurship based on self-sufficiency) are reported to have vital roles in dealing with poverty. While the role of agricultural inputs and microfinance, often assumed as critical to entrepreneurship and development, has a marginal role in poverty reduction. The role of life circumstances and capabilities development in addressing poverty are common in Engro foundation which supports not just individual market type of



### ***Fauji Foundation***

The Fauji Foundation is a unique not-for-profit charitable organization that runs commercial businesses in a variety of sectors to support former armed service employees and their dependents. Its commercial income currently supports 143 medical facilities, 142 schools and colleges, 45 technical institutes and a university with three campuses. Its grand headquarters building in Rawalpindi is impressive even by the standards of large multinational corporations. The foundation was created in 1954 with funds transferred for administration by the Pakistani army by the former British government of India. These funds were invested initially in textiles and the profits divided between industrial re-investment and ex-military personnel welfare services. By ploughing back industrial profits year after year, the foundation has become more and more powerful, integral to the national industrial and welfare infrastructures of Pakistan. Its modus operandi is neatly encapsulated in its slogan 'earn to serve'. Fauji is the oldest and largest charitable organization in the country.

In visiting Fauji and interviewing key employees I was struck by pride taken in its history, achievements and strong sense of purpose as a source of strength for the nation. Organization building and social innovation have been bound together from the beginning in response to its social environment and mandate. The organization has always been corporate, and its strategy never dictated by personal motives or agendas. Rather, the objective is to serve the institutional purpose of supporting ex-service men and their dependents. These include war affected soldiers (injured or killed), their families, and non-commissioned servicemen who retire from service at an early age with families to support. Fauji is a pragmatic organization that responds to the needs of those it serves. Its entry into the medical field, for example, involved the repurposing of existing military hospitals. Retired medical specialists and support staff were reemployed along with civilians to operate a free and extensive health care system. As the organization then ventured into providing a free education for the families of former military personnel, costs began to rise, necessitating an

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entrepreneurship but it also creates change in life circumstances and brings forth inspiring stories of *family inward* type of entrepreneurship supplemented by strengthened *family-frugal* type of entrepreneurship. However, contrary to their findings this thesis finds the role of improved agricultural inputs and increase in yield as having a positive role in small holder farmers' income. Also the Aga Khan rural support programme has been one of the most successful programs in Pakistan (Khan, 2009) and the interest free family enterprise microfinance loans also appear to have eased access to credit by the less privileged (Harper, 2018; Afonso, 2018)

expansion in commercial activities. In this sense, social innovation at Fauji has been and remains interdependent with business innovation. The upshot is conglomerate of 24 businesses generating funds to support the lives (wholly or in part) of 5 percent of the entire population of Pakistan.

What also became evident during my fieldwork is that throughout its 65-year history, Fauji has consistently enjoyed the support of Pakistan's military, industrial and political elites. This is symbolized by the access enjoyed by Fauji executives to the trappings of corporate success such as a superb fleet of black chauffeur drive limousines. Senior executives, accountants, lawyers, bankers, investment advisors all have a stake in Fauji's continued success. So too do politicians and government officials as Fauji relieves the state of onerous financial obligations, while making a very positive contributions to GDP, export earnings and tax revenues. For the military elite, Fauji delivers direct benefits that are greatly valued, including employment opportunities for high ranking retirees from the services. In sum, Fauji has become a cherished national organization that owes its success to its embeddedness within the core political, economic and social structures of present-day Pakistan.

### ***Social innovation and emulation or modification of existing organizations***

Philanthropy, whether customary or entrepreneurial, has impact not only when it calls into being new organizations delivering socially valued services – as at SKMCH, Engro and Fauji – but also when other organizations emulate a social innovation to generate field-wide changes or modify the existing organizations (Harvey et al., 2020). Two of the cases included in the present study, Akhuwat and Al Shifa, are exemplary in this regard. In each case, the need for change became apparent because existing organizations failed to satisfy the full range of demands made on them. As in my prior analysis of organization building at SKMCH, Engro and Fauji, my presentation of the two cases and the impact of social innovation within their respective fields are illuminated with reference to discoveries made during the fieldwork stage of my research.

### ***Akhuwat Foundation***

The Akhuwat foundation was the brainchild of a bureaucrat alarmed by the scale of rural poverty and the failure of existing microfinance providers to address the issue. I visited the

foundation's head office in Lahore to investigate how the idea of providing interest free small loans to aspirational agriculturalists emerged and how Akhuwat become Pakistan's largest microfinance organization when it was a relative latecomer to the field. Dr Amjad, the founder, I was told, was dissatisfied with the way existing lenders were shying away from the poorest members of society. The problem as he saw it was that the small loans business had been hijacked by commercial banks that charged the highest rates of interest to their poorest and most desperate customers. Thus, sight had been lost of the original goal of microfinance, which was to support small scale ventures that might lift people out of poverty.

Personal interactions with the rural poor enabled him to identify their problems, one of which was that taking out interest bearing loans ran counter to their beliefs and values. Many felt debarred from the financial system and unable to finance projects that might deliver them a better future. High rates of interest charged on micro loans compounded the problem. Ever since the foundation of the for-profit microfinance Grameen bank in 1976, the dominant business model worldwide had been to vary interest rates upwards commensurate with risk. Dr Amjad stood in opposition to this practice, reasoning that the only ethically and ideologically sound way of providing loans to the poor was to abandon the idea of charging interest (Harper, 2018). As one interviewee stated:

'His motivation was to change the microfinance program. He wondered why those following their ideology have no option in the financial system' (Interview with Training and Product Development Manager at Akhuwat, 2018).

Dr Amjad, then Director General of Rural Finance, began with little economic capital but abundant social, cultural and symbolic capital. He began with a team of three undergraduates in Lahore that identified 150 micro enterprises with the capacity to grow. His experience and knowledge in rural finance, and contacts as a civil servant with bureaucracy, business and industrial groups became key assets in launching Akhuwat in 2001. Akhuwat is an Arabic word for brotherhood, and the mission of the foundation is to eradicate poverty by empowering the weak (Saqib, 2016). Its guiding principle is that the financial shortfall resulting from not charging interest should be made good by philanthropic donors to the foundation. He states his position simply in the following quotation:

'Microfinance is important, but we should be creative enough to find the ills associated with it. Grameen bank was a good concept but it needs to be

modified. We were forced to think if we were to develop a program, it should be extremely cost efficient and not contradict the basic ideology of people. It should be all embracing and inclusive without which the developmental objective cannot be achieved' (Interview conducted by Amal Academy with Chairman, Akhuwat, 2018).

In its formative years, the foundation remained open to ideas from microfinance experts and local borrowers to refine its business model. Engaging in a dialog with the poor was a valuable learning experience. Dr Amjad's concern was to gather the intelligence needed to implement a model congruent with local culture, traditions and ideology supported by borrowers and philanthropic supporters alike. The first branch was opened in Lahore in a small rented room with just three employees who, seated on a carpet, started making small loans of \$100 to \$200 to people entering self-employment. I found it interesting to observe that in the foundation's new offices use continued of small consultation booths with, as before, floor mats and small front desks. This might be a cost saving measure, but in symbolically narrowing the social distance between lender and borrower it does much more. It speaks of unity of purpose and equality in power relations. Unlike the corporate culture of for-profit microfinance companies, the culture of Akhuwat is far more egalitarian, which is manifest in its flat corporate structure and low pay differentials between senior management and ordinary employees. This inspires trust and confidence in all stakeholders and goes a long way in explaining why philanthropic donors have been willing to help in funding the venture. In choosing the path of cost minimization and self-sacrifice, Akhuwat has accumulated a large quantity of reputational capital, attracting public donations. As the Chairman of Akhuwat explains:

'We are very strict on expenditures and also define optimal workload. Most of my time is invested in arranging trainings for my staff. Within ten years we reached 100,000 poor and disbursed PKR 1 billion, with the help of my friends and brought a significant change. It was a big experience for us reaching that level without any government support' (Interview conducted by Amal Academy with Chairman of Akhuwat, 2018).

Its unique management system was evident during my visit. The workers used motorbikes to reach the poor and worked extra hours on voluntary basis. Its workforce included less educated but better motivated workers. Its cloth bank was managed by transgenders who sort, repair, match, dry clean and repack clothes for the needy. One interviewee declared: 'They treat us well and have set an example that we can also be part of

the workforce.’ The cloth bank manager shared ‘we provide second hand clothes to the needy and lend the donated wedding dresses donated to the poor brides and bridegrooms for free.’ Borrowers in turn have become donors and at a tea stall a small donation box stood on the counter. The stall-owner wanted to give back simply because ‘Akhuwat helped me to start my tea stall.’ It also demonstrates many poor people, despite the disadvantages they suffer, have high ethical standards. Another borrower told me: ‘No one else lends money to the very poor; it helped me to buy a rickshaw, and now I am doing well.’ The following quotation explains how this works:

‘The poor have no credit history, no collateral and no ability to pay high interest. We create social impact and change by giving access to finance at zero interest, for starting small enterprises and employment generation’ (Interview with a Volunteer at Akhuwat, 2018).

What is most interesting here, is that as Akhuwat attracted more and more positive media comments, the provincial governments decided to join forces with the organization and formed a public public-private partnership. The two quotes cited below illustrate:

‘In 2011, I was in a meeting with the CM discussing the work of [Punjab Educational Endowment Fund] PEEF. At the end of the discussion, he asked me how Akhuwat was doing. I was pleased to tell him that, since its inception, Akhuwat had helped over 50,000 families with the money it had raised through charitable donations. The CM seemed quite impressed and asked if Akhuwat could double its outreach if its funding was doubled. A few days later, I found out that the provincial government had selected Akhuwat as part of the Chief Minister Self-Employment Scheme’ (cited in Bashir et al., 2019:105).

‘I have known Mr Sajjad Salim Hotiana, Chief Secretary of Gilgit Baltistan, since my days in the civil service. Mr Hotiana convinced the Chief Minister of Gilgit Baltistan to follow Punjab’ (cited in Bashir et al., 2019:106).

Under these and other provincial agreements, the foundation manages government microfinance loan funds with full autonomy and no political interference. Good results and this high level of integrity displayed by Akhuwat meant that confidence in the partnership progressively increased. In turn, this brought the federal government of Pakistan to enter a similar partnership with Akhuwat. This partnership enabled it to extend outreach to the most remote areas and even the war zones of the country. Akhuwat was then entrusted with the partial implementation of Prime Minister’s interest free loan program for self-employment. Presently it manages government’s new youth self-employment fund of \$500 million, half

donated by the Bill and Melinda Gates Foundation (PCP, 2019). More recently it partners with government in helping those affected by the COVID 19 lockdown. This brought Dr Amjad to remark:

‘Public-private partnership is important, small is beautiful but large is necessary and for partnerships you need a big heart. Today we are the biggest interest free microfinance organization in terms of geographical outreach and market share’ (Interview conducted by Amal Academy with Chairman of Akhuwat, 2018).

The Akhuwat story also demonstrates how a small organization with little economic capital can break out from a constrained local situation to become a leading player in a national industry within the space of a few years. Its success depended crucially on having the right product for market it had entered and in the skillful conversion under a talented and trusted leader of cultural, social and symbolic capital into economic capital (Finkelstein et al., 2007). It demonstrates that innovative and new ideas succeed when embedded in local culture (Shaw & Carter, 2007) and Akhuwat is deeply embedded in local culture and needs. It has designed a system to assist the less privileged which is culturally relevant and grounded in more familiar Islamic principle of interest free loan which played the largest part in its ability to succeed. It means that the poor can pay back the loan without being trapped in interest payments. Others have since sought to emulate Akhuwat, further embedding the philanthropically supported interest-free model of microfinance. In doing so, Akhuwat’s social innovation has had a transformational effect on the field of microfinance by changing norms, expectations and standards. Akhuwat reminds us of the original purpose of microfinance i.e poverty alleviation. As an important innovator, parallel to the conventional market driven practices, it demonstrates that there are alternate and powerful ways of generosity and brotherhood to poverty alleviation through microfinance.

### ***Al Shifa Trust***

The Al Shifa Trust was founded by General Jahandad Khan. His transition from soldier to philanthropist is uncommon. As President of the Red Crescent, he learned of the work of the Layton Rehmatullah Beneficent Trust (LRBT), which provided exemplary primary eye care treatment to patients within a district of Karachi. Why, he asked, could not this service be made available far more widely in Pakistan? He learned also that tertiary eye care was either absent or inadequate in most regions and cities in the country. This realization led him to

devote his time and experience to building a modern tertiary eye care charitable hospital and related children's services within a separate organization. There were few pediatric ophthalmologists in the country, so not was a children's tertiary hospital needed but also advanced training for pediatric ophthalmologists. A further influence on his thinking was the International Association of Lions Club, founded in Chicago in 1917 to raise funds for sight conservation (Khan, 2008). Raising substantial philanthropic funding he quickly learned was essential to meeting the capital costs of hospital construction and the on-going costs of training and operations.

General Khan decided to locate his imagined centre for excellence for the treatment of eye conditions in Rawalpindi, close to Taxila city, which was famous for treating eye conditions in ancient times. The British had later built Taxila Missionary Hospital, which, amongst other services, treated eye conditions afflicting poor people. The General had abundant social capital, accumulated during a long and successful military career. He had the support of leaders like President General Zia Ul Haq who as Patron in Chief of the Trust authorized allocation of land and initial funding. President Musharaf later granted Al Shifa tax exempt status and waived a demand for accumulated back taxes. Prime Ministers Benazir Bhutto and Nawaz Sharif granted additional plots of land. Rawalpindi offered other locational advantages. Doctors generally prefer to work in big cities, which offer opportunities for private practice, security, and the best schools. Proximity to foreign embassies and international NGOs made it easier to win financial and technical support from foreign governments and agencies. Al Shifa has benefited considerably from foreign and domestic partnerships, and reciprocally its partners have gained from access for research to large populations of papers with rare and complex conditions (Khan, 2008).

In 1986, construction began of the 250-bed Al Shifa hospital at Rawalpindi as the core facility of a multi-layered system of eye care delivery with in-patient facilities and a network of outpatient camps to assess and treat patients in remote areas. As the reputation of Al Shifa grew, so too did demand for its services, causing it to evolve into fully-fledged healthcare system; now with a chain of modern eye hospitals in Rawalpindi (opened 1991), Kohat (opened 2005), Sukkur (opened 2000) and Muzaffrabad (opened 2011), specialist clinics for all major eye diseases, eye camps in all parts of the country, and international quality training programmes for doctors, nurses and paramedics under the umbrella of the

Pakistan Institute for Ophthalmology. Al Shifa has conducted in excess of 500,000 operations since 1991, and presently conducts about 220 operations daily and sees a further 3,300 patients daily in outpatient clinics. A specialist pediatric hospital is presently under construction in Rawalpindi. Of numerous innovations to its credit, the mass production and distribution of low-cost spectacles since 1993 stands out in improving the lives of millions of poor people across the country.

To better understand the many innovations and accomplishments of Al Shifa over the past three decades, I talked with current board members, senior executives, doctors, nurses, patients and donors during my field trip to the trust's headquarters and hospital in Rawalpindi. Only a few of these encounters were formal interviews, but nonetheless these conversations served the purpose of deepening my understanding of the complexities of healthcare innovation in Pakistan and more generally in developing countries. Three valuable insights emerged. First, Al Shifa was from the beginning an elite philanthropic venture with high level support from the political, military and industrial classes, not as donors but as power brokers. These power brokers had the networks needed to tap into the aid budgets of overseas agencies and to privilege Al Shifa in numerous other ways such as regulatory endorsement and grants of land and money (Maclean et al. 2006; Maclean et al., 2014). In many ways, Al Shifa is a state supported initiative in socioeconomic development, a nationally endorsed and supported project. Secondly, Al Shifa, as a major fundraiser, gathers funds from the many not the few. It is not dependent on the generosity of a handful of large donors, but contributions from numerous people inside and outside Pakistan. It is conspicuous that Al Shifa has fundraising offices in the UK, Canada and the US to tap into the wealth of ethnic Asian communities of Pakistani origin. Thirdly, in the beginning, Al Shifa was more an emulator of best practice overseas than it was an originator of fresh ideas and ways of doing things. This situation has changed progressively as its organizational capabilities have expanded and deepened. It now boasts researchers who publish in leading international journals, and, perhaps more importantly, has come up with numerous low-cost solutions to widespread medical problems such as mass manufacture and distribution of eye drops and spectacles.



### ***Summation***

Social innovation in a large, developing country such as Pakistan depends first and foremost on the identification of the most pressing needs of the many, and the crafting and implementation of viable, cost effective solutions. This applies in all the cases researched, which had the task of creating from scratch new organizations with the capacity to grow and make a difference at scale. Each organization had to win acceptance and gain legitimacy in the eyes of multiple stakeholders, including government and the people they were established to serve (Suddaby et al., 2017). In two cases, Akhuwat and Al Shifa, the novelty and success of their interventions has profoundly shaped the organizational environment in which they operate by changing prevailing norms, beliefs, values and social expectations.

### **7.5 Generating the resources needed to deliver change**

The success of large-scale philanthropic venture such as those researched for this thesis inevitably depends on time devoted, access to funds and exceptional personal sacrifices, and resources accessed through partnerships.

#### ***Time.—innovators work tirelessly***

Starting their projects meant committing themselves totally to their organizations and investing enormous amount of energy, time, hard work and focus to achieve their goals of socioeconomic stability. For example, one founder stated that ‘in the beginning [he] gave most of his time to the hospital.’ Another founder observed that ‘when you are working for humanity time stretches... I sleep little .... most of my time I spend with my staff training them. A third respondent said of another founder that ‘he denied all personal interests entirely to himself. You know how four-star generals live, but he would not even worry about his clothes. His daughter complained that he does not have time for them, he is too busy thinking about the foundation, he is never with them.’ Such observations are commonplace with respect to the three independent foundations studied here (SKMCH, Akhuwat and Al Shifa), but do not apply to the two foundations (Engro and Fauji) that relied more heavily on professional managers to get off the ground.

#### ***Funds----soliciting funds needed tireless effort and trust***

Implementing socially innovative ideas involves making numerous resourcing decisions. These include devising sustainable funding models, fundraising practices (were new in

Pakistan), and the extent to which different classes of service users, with differing means at their disposal, should meet the costs of services provided (Zahra et al., 2009). It is the proud boast of SKMCH that 75 percent of patients are treated completely free of charge and sustained by zakat donations. At Al Shifa the comparable figure is similar at 70 percent. These organizations are typical in viewing their activities more in social than economic terms, although plainly in all five cases there are important economic outcomes. Social value creation invariably is the primary goal within the charitable sector such that the poorest members of society should receive the benefits but not bear the costs of charitable organizations. Philanthropic fundraising exists therefore to cover the capital and startup costs of charitable organizations and to cover the on-going gap between operating costs and income from service provision. As a former Chairman SKMCH who gave most of his money for the hospital explains:

‘It was impossible to raise the amount of funds needed but the generosity and enthusiasm of people all around the world had taken everyone by surprise. People never stopped donating in fact donations have continued to increase. Currently deficit of the hospital is PKR 10 billion most of which is met through donations’ (A silver jubilee ARY Digital Telethon with the Chairman SKMCH, 2020).

A respondent said of founder of Al Shifa that ‘his relentless, selfless begging stories are very humbly described in his book *Beacon of Light*. He himself would pay for travel for fundraising from his own pocket. He gave all his pension money that he received after 34 years of service. ’

Besides sporadic contributions from the wealthy, their sentiment was shared by the ordinary members of the public and people all over the world. Large sums are raised annually by SKMCH, Akhuwat and Al Shifa from fundraising groups abroad, mainly in the UK, Canada and US, where there are large communities in many towns and cities of Pakistani origin who continue to identify with the history, culture and religion of the country. Initially forty per cent of donations came from overseas. As Mumford (2002) reports, people with middling and even relative low incomes derive satisfaction from giving to good causes because they identify closely with beneficiaries. Fundraising campaigns, notably annual Ramadan appeals for zakat donations such as that run by SKMCH, have proved very effective in generating substantial regular incomes for many independent charitable

organizations in Pakistan. Reassurance is given to donors that their money will be well spent by website statements and transparency in financial reporting. Certification by the Pakistan Center for Philanthropy - as gained by Engro, Fauji, SKMCH, Al Shifa and Akhuwat - offers further reassurance that a charity is well run and effective in delivering social value congruent with the organization's mission. Public donations, large and small, continue to be a major portion of their budgets. Marketing departments together with international offices in the US, UK, Canada, Australia and Gulf countries, plan campaigns year-round but especially targeting Ramadan, which is proven to be the best time for fundraising.

Large donors are less susceptible to marketing campaigns of this type. What matters more in securing large donations is social capital and direct identification with the cause or elite actors supporting the cause. As this quotation from an Al Shifa interviewee confirms:

'The General had a network of highly influential people and individuals of high net worth. He had links with the president, generals, top government officials, and businessmen. Our loyal and old donors donate regularly. People come here they see our work and donate' (Interview with Administrator at Al Shifa, 2018).

### ***Partnerships---- made a difference***

Funding for socially innovative organizations also stems from collaboration with international and national agencies and for-profit corporations (Khosla, 2008; Nelson, 2008; Gordon, 2011). The resource generation manager at Al Shifa offers a telling illustration:

'The world-renowned NGO, Operation Eyesight Universal (OEU) is our oldest partner and has been helping us over the last one decade. Mr. Chip Morgan, Vice President of OEU has helped a lot to promote this partnership between us. Also, OEU is making a major contribution of Canadian \$1 million for the sub-specialties of Cornea, Glaucoma and Retina' (Interview with Resource generation Manager at Al Shifa, 2018).

Apart from that the Canadian Eye Bank in Toronto, Lions Club International, Sight Savers International and ORBIS international were its other notable partners. Recently, Al Shifa established its first eye bank in collaboration with US based charitable organization Eversight. Recognizing its services the Cornea Association of Pakistan awarded the Vice President Global Development, Eversight Collin Ross, Distinguished Service Award, who hopes that the new eye bank has great impact on the lives of many. Such collaborations are found in all the cases studies here, sometimes motivated by

pure altruism but more often in the expectation that sponsorship might ultimately lead to some form of return – tangible or intangible – for the sponsor.

### **7.6 Recognizing obstacles to change and learning how to overcome them**

Social innovation is not always an easy path to travel. Typically, many obstacles are encountered along the way and many lessons must be learned. Disrupting current organizational arrangements often provokes resistance from incumbents or others with a vested interest in maintaining the *status quo*. Eventual success is contingent on many factors. For example, modern cancer treatment depends on highly professional and trained human resource, advanced equipment and costly medicines. It is not surprising to learn that many of the pre-requisites for an international standard hospital are not available in a less developed country. The first CEO of SKMCH writes:

‘A major problem... was the absence of supporting facilities...there were no trained oncologists.... there was no MRI machine in the region. Radioisotopes and blood products were generally not available. We were therefore forced to develop virtually all the necessary diagnostic and treatment infrastructure within the institution’ (The first CEO of SKMCH, <http://www.cancercontrol.info/2019-4:1>).

David foster the Nurse tutor from UK, in a documentary was seen with no classroom to begin with, no desks, no chairs, with heat and dust and no air conditioning, but he found ‘the situation very stimulating’. Apart from availability of resources, moral dilemmas and the ethical dimension of innovative activities cannot be ignored (Zahra et al, 2009; Harvey et al., 2019). For example, the two non-profit hospital groups researched here depend on public donations, so enforcement of rules, transparency and accountability are fundamental to legitimacy. It is a regrettable fact that in developing countries managers, at various levels, frequently bend rules in pursuit of personal advantage, and at the extreme accepting bribes in return for favors. At SKMCH the issue was overcome by its first CEO who enforced a strict treatment policy of first come first basis and no distinction in treatment between a paid and non- paying patient. One interviewee commented:

‘Upholding merit in treatment and transparency in use of funds is challenging in a developing country in which a healthcare institute depends on public donations’ (Interview with Senior Medical Director at SKMCH, 2018).

A dilemma faced by the two hospital groups stemmed from the policy of treating patients equally regardless of their ability to pay. However, it soon became clear that such a policy would cause shortages of funds, so the difficult decision was taken to treat only those patients who were curable. This policy was instituted to limit costs but stopping treatment to paying patients at an advanced stage of disease meant withholding imported drugs only available at the hospital. The issue was resolved by permitting palliative care to continue but under a separate registration system.

Another dilemma arose when the reputation of hospital and quality of its diagnostic services began to spread and non-cancer patients wanted access to diagnostic services unavailable elsewhere. This led to the opening of diagnostic centers around the country to serve as a generally available medical resource, which is now a significant source of revenue for SKMCH. The issue of increase in the cost of cancer treatment causing increase in drugs budget was innovatively managed by use of quality generic drugs combined with use of patent drugs to provide care to the maximum numbers of patients.

Pol and Ville (2009) argue that social innovation does not occur in isolation, but always within a singular sociocultural environment that may support or discourage social innovation. Many fail to see any tangible benefits of such projects. They may even oppose such ideas and consider the use of scarce resources as wasteful. As the chairman of SKMCH commented:

‘Everybody discouraged me but I never had any doubt that I will not be successful. Many rival politicians started to create problems for the hospital and stopped our fund-raising advertisements on TV and donations from the World Bank. Even educated people wrote articles against the hospital, and questioned building it as the patients are going to die anyway’ (Silver jubilee ARY Digital Telethon with Chairman SKMCH, 2020).

The Chief Medical Officer Dr Asim Yousaf being the longest serving doctor is a witness to the many difficulties faced:

‘Senior physicians in the city, told us to leave, since the hospital could not possibly survive. About eighteen months after we opened, a bomb went off in our outpatient area, killing several and wounding many more... The hospital also survived a very rough financial period in 1997, when there was no money to pay salaries. Imran Khan sold his last plot of land and made sure everyone was paid. These difficult times helped bring us all together, [and] showed our resilience (cited in Daily Times, Pakistan, Jan 14, 2020: A 2).

Similar issues were faced by Al Shifa. The founder was not able to establish a hospital in Baluchistan because of the security reason. Cornea transplant is a costly operation, it costs \$600 per cornea and awareness about cornea donations is lacking. Paving the way for international collaborations and meeting their conditions successfully was another challenge. He also faced many obstacles and conflicts of interest with the politicians vying to have the hospital in their own constituencies, or were highly resistant to grant of free land even for a humanitarian cause and instead allotted dumping wasteland which significantly increased the construction cost. The builders had their own blackmailing tactics to extract maximum payment and intervention made by a Justice at High Court. Other difficulties attend to running medical facilities in smaller and less glamorous cities where high achieving and ambitious doctors do not wish to live:

‘We have learnt location of a hospital matters for availability of qualified professionals and doctors. Our experience with hospitals in smaller cities is not good. All good doctors look for private practice, security and educational facility for their children and want to work in big cities. We are thinking of signing a bond with our doctors to serve in smaller cities for a period’ (Interview with Executive Director at Al Shifa, 2018).

The Akhuwat foundation has also experienced behavioral difficulties resulting from operating in a highly stratified society in which distinctions between people are exaggerated and prejudices fueled by the need to protect a personal sense of superiority. As the chairman explains:

‘Our society has produced very poor managers, sometimes I get complaints about our staffs’ behavior and the level of respect to the borrowers is not the same as it should be. I believe a poor man reaches us with difficulty and comes with a hope. I want them to be treated with same level of respect and protocol that they would give to a person sent by the Chief Minister. It is a continuous struggle to do better and be true to our philosophy’ (Interview conducted by Amal Academy with Chairman of Akhuwat, 2018).

Challenges faced by the founder of Fauji foundation in getting the new ideas accepted are well illustrated in the following quote:

‘Whoever presumes to act as a pioneer in the field of ideas must be prepared to face criticism and resistance. I have had a good deal of both’ (Founder of Fauji Foundation, cited in Ayub Khan, 1967: 41).

While the present challenges faced by the Fauji foundation relate to the economic and business environment in Pakistan. The 24 businesses operated by the foundation are the main source of revenue for its charitable organizations. Hence its charitable operations are vulnerable to economic crises and prolonged depressions as explained at interview:

‘The energy crisis affected our industry so we had to think of alternatives, otherwise how can we continue with our welfare programs. We make new investments in areas where there are gaps and opportunities, but if some of our ventures are struggling we either take corrective measures or close them’ (Interview with General Manager for Investments at Fauji Foundation, 2018).

The same problem exists at Engro. Here there is mitigation because the Engro Foundation have diversified its revenue streams by working in partnership with international agencies and charitable organizations. However, these can be demanding partners and problems can arise due to lack of cultural sensitivity. As the Head Engro explained:

‘We have bureaucratic and capacity issues with government. The NGOs have core strength in one sector and geography and if you stretch them beyond those their delivery is compromised. Similarly working with implementation partners is a huge challenge, we have to do hand holding of our partners. Social structures do not allow intervention in gender sensitive projects’ (Interview with Head of Engro Foundation, 2018).

A business sustainability associate at Engro foundation illustrates the difficulty of working in specific projects and in making community investments:

‘When we are working in projects like education or health one difficulty is that these are not our areas of expertise. We have to outsource our work but in doing so it is very difficult to find very good NGOs to work with. So we then develop smaller NGOs that have good quality personal and need funding to grow and scale up’ (Interview with Business Sustainability Associate at Engro Foundation, 2018).

A more serious difficulty stems from working with small farmers hidebound by tradition and emotional attachments to the land. There is considerable resistance, for example, when raising productivity depends on aggregating small parcels of land into large fields. It is painstaking work to broker agreements between conservative and progressive elements in local communities. The only solution Engro has found lies in patience and perseverance, withdrawing when necessary until the time is riper for change.

There is a general lesson in what I learned at Engro. Corruption, status pecking orders and other deeply ingrained socio-cultural barriers to social innovation are rife in developing countries, and Pakistan is no exception. SKMCH, Al Shifa, Akhuwat, Fauji and Engro are each champions of modernization, but their philanthropic journeys have not been straightforward. Behind the nice upside of their organizations is a hidden story of pain they had to go through. However, challenges that came their way were a fundamental part of learning and experience. Their success was a string of challenges which kept them pushing for survival and growth. Their example is that of a cocoon, how much the butterfly struggles to get out and fly. They had to go through that process and pain to develop the muscles otherwise they would not have been able to succeed. The challenges helped them develop their will power, stamina, self-confidence and capability. They have moved forward pragmatically, engaging in way finding, striking accommodations with other actors when necessary, and throughout finding creative solutions to difficult challenges. A great deal of patience, persistence and ethical rectitude has been needed to complement the vision and strategic foresight exhibited by their founders and organizational leaders.

### **7.7 Achievements and impact**

Any social innovation must ultimately be judged by the quality and quantity of benefits it confers on society (Chell et al., 2007; Dorado, 2006; Harvey et al., 2011; Perrini et al., 2010; and Shaw et al., 2013). In what follows we evaluate the achievements of the case organizations by answering two critical questions. First, have they reached the goals set by themselves when established? Secondly, how extensive have been the benefits conferred by them on society?

#### ***Achievement of social goals***

The analysis presented in Table 7.4 when read in tandem with the earlier case descriptions of philanthropic social innovation confirms that each of the case organizations has performed extremely well when evaluated against their original goals.

SKMCH is securely established as the leading cancer treatment center in Pakistan. It is a sustainable organization well supported by its fundraising efforts. It delivers state of the art care to its patients from two hospital sites in Lahore and Peshawar. Fully 75 percent of patients pay nothing for their care. The organization has provided a model for others to



follow. It trains medical personnel to an international standard and makes a significant contribution to research in its field. Al Shifa, as an eye care provider, can make very similar claims and is the undoubted leader in the field in Pakistan. Through a combination of ambition and pragmatism it now operates nationally, reaching the remotest parts of the country by means of its eye camps. Akhuwat stands out for having grown from very humble beginnings to become a national organization modifying the existing arrangement of microfinance through its interest free small loans policy.

Fauji and Engro likewise have achieved the goals of their founders. Fauji is an philanthropic enterprise organization that simultaneously makes a major contribution to the economy and society of Pakistan as an industrial powerhouse and social welfare provider. Engro serves the interests both of its parent corporation and the communities in which the company operates. Corporate philanthropy in Pakistan, as elsewhere in the world, serves two masters, pursuing a synergistic strategy holding that what is good for the company is good for the community. It is therefore not a purely philanthropic venture, but a hybrid, which, by its own standards has met the social objectives of its founders in an innovative and enterprising manner.

**Table 7.4: Social innovation and impact**

	<b>SKMCH</b>	<b>Engro</b>	<b>Fauji</b>	<b>Al Shifa</b>	<b>Akhuwat</b>
<b>Goals</b>	<ul style="list-style-type: none"> <li>Alleviate suffering from cancer</li> <li>Deliver state of the art care</li> <li>Model for others to follow</li> <li>Free care for those without means to pay</li> <li>Train medical staff to develop capabilities</li> </ul>	<ul style="list-style-type: none"> <li>Increase agricultural output</li> <li>Improve agricultural methods</li> <li>Create rural entrepreneurs</li> <li>Provide market for agricultural products</li> </ul>	<ul style="list-style-type: none"> <li>Generate surplus revenues from industrial enterprises</li> <li>Apply surplus revenues to meet the welfare, medical and educational needs of ex-military families</li> </ul>	<ul style="list-style-type: none"> <li>Treatment of chronic eye conditions</li> <li>Prevention of blindness</li> <li>Model for others to follow</li> <li>Free care for those without means to pay</li> <li>Train medical staff to develop capabilities</li> </ul>	<ul style="list-style-type: none"> <li>Support business and job creation by making interest free loans</li> <li>Advise new business owners</li> <li>Attract donations to cover operating costs and loan defaults</li> </ul>
<b>Started</b>	Single location	Single location	Single location	Single location	Single location
<b>Current scale</b>	Large organization presently operating in two locations and third is underway	Small organization operating in local communities	Large organization operating in multiple locations	Large organization operating in multiple locations	Large organization operating in multiple locations
<b>Current scope</b>	Regional	Multi-local	National	National	National

From a collective or charitable sector perspective, the case organizations continue to play an important role in the socio-economic development of Pakistan. They provide effective services for the underprivileged that previously did not exist, scaling up their services in response to demand while proving the value of socially innovative models of service provision that others have emulated (Maclean et al., 2012). Success has positioned them at the heart of the social innovation process, invested with ‘hero power’ (Gabriel, 1995) that encourages others to follow (Dacin et al., 2010; Maclean et al., 2012; Nicholls, 2010). They have been able to generate awareness about the issues underlying socio-economic backwardness and have mobilized support for their projects not just in Pakistan but around the world. The economic capital required to build their organizations has come from personal funds and philanthropic funds raised through personal networks and skillful fundraising campaigns at home and abroad.

### ***Quantitative evaluation***

#### ***Shaukat Khanum Memorial Cancer Hospital (SKMCH)***

Cancers of all types are far more common in developed than developing countries. The standard metric applied internationally is the age adjusted standardized overall rate of cancers per 100,000 head of population. The highest rate in 2018 was recorded in Australia at 468.0, which compares to 352.2 for the US, 319.2 for the UK, 248.9 for Singapore and 233.6 for Israel. In 2012, the rate for Pakistan, which then had a population of 179.9 million, was 111.8 per 100,000 of population. A total of 148,000 new cases of cancer were recorded in the year. However, although the incidence of cancer is relatively low in Pakistan, the death rate in the country is high, with 101,000 people dying of cancer in the same year. It was the high mortality rate rather than the incidence of cancer that moved Imran Khan to being lobbying for better cancer treatment in the country in 1989.

Table 7.5 summarizes the available activity data for SKMCH for 2018 with cumulative activity data for 26-year period between inception and the present day. Assuming there are 150,000 new incidences of cancer in Pakistan each year, consistent with the above figure for 2012, SKMCH has the capacity to treat approximately 6.7 percent or 1 in 15 victims. Capacity has been increased markedly over the years, as the average annual new registration figure for the 26 years between 1994 and 2019 was well below current capacity

at 6,944 per annum. It will be increased very markedly when new SKMCH hospitals currently under construction in Karachi and that planned for Bahawalpur come on stream. In developing countries, leveraging the core capabilities of a strong organization like SKMCH is a sound strategy for increasing the geographic availability of services rather than attempting to create new organizations from scratch. With 3,395 medical staff in 2019, SKMCH is already approaching the size (by medical staffing and activity) of the world's oldest specialist cancer hospital, the Royal Marsden in the UK. There is no requirement, however, for the Royal Marsden to grow its services and staffing numbers rapidly as it is one of numerous high-quality cancer treatment centres in the UK. The same depth of provision does not exist in Pakistan and it is for this reason that SKMCH has been urged to expand into new localities. Government hospitals have cancer wards, but their capacity, expertise and services are all limited. The best hope for the future is to further develop SKMCH as a national system. This could be speeded by government support and private sector participation, while retaining the philanthropic ethos of the organization.

**Table 7.5: SKMCH financial and activity data**

Indicators Year(s)	Net Income million (PKR)	Activity Data			
		Capacity (patients)	New registrations (patients)	Outpatients (patient visits)	Admissions (discrete number) *
1995	121	10,000	5172	25001	1818
2018	11022	10,000	10,096	253,016	14,532
1995- 2018	-----	-----	180,554	2,879,563	161,982

Source: SKMCH website Note: \*Some patients are admitted more than once

### ***Fauji Foundation***

The Fauji Foundation is quite unlike most charitable organizations in generating its philanthropic resources directly through the operations of industrial enterprises. In quantitative terms, it is an outstanding success, as can be seen from the figures presented in Table 7.6. Its growth since 1954 has been continuous and now provides support of some kind for five percent of the population of Pakistan. It is one of the main driving forces of socio-economic development in the country with a strong national presence.

**Table 7.6: Growth of the Fauji Foundation**

Indicator of size	1954	2019
Healthcare facilities (hospitals and treatment centres)	1	142
Educational establishments (schools and colleges)	0	188
Universities	0	3
Welfare expenditure (PKR million)	Not known	11,288
Number of beneficiaries	67,000	9.48 million

Source: Fauji Foundation website

### ***Akhuwat Foundation***

The rapid organizational growth Akhuwat, which accelerated once it had begun to partner with the government in providing interest free business loans is shown in Table 7.7. By 2019, it had become the largest microfinance provider in Pakistan, making loans totaling PKR 102,046 million to more than 4 million clients through a network of 811 branches in 435 cities. Like the replication strategies fast food and coffee chains, rapid growth has been possible because of the simplicity of business model and the minimal fit-out costs of branches. The main constraint to growth has been training enough staff in the Akhuwat way of doing business, in adding value to transactions through the advice given to clients. This explains the personal devotion shown by Dr Amjad, the founder, to staff training and personal growth. Over the past twenty years, Akhuwat has emerged as a vital engine of economic growth in Pakistan, helping modernize the country while showing deep respect for traditional values and beliefs.

**Table 7.7: Growth of the Akhuwat Foundation, 2001-2019**

Year	Net Income PKR (million)	Amount disbursed PKR million	Clients %	Active loans	Branches	Donors	Volunteers	Cities	Staff
			Male/Female						
2001	0.29*	0.21	----	01**	1	-	-	1	3
2018	2080	21,608.0	60/40	731,302	791	90,500	8,050	435	4427
2019	2522	102,046.1	60/40	865,548	811	90,500	8,050	435	4,427

Source: Akhuwat Annual & Progress reports (2001-2019) \* Funds provided by Board of Directors and local philanthropists to disburse interest free micro credit loans to the urban slums and to subsidize administrative expenditure.\*\* the loan was given to a training institute in a rural area.

Dr Amjad was sure about the positive economic impact of Akhuwat, more than that what mattered to him were qualitative outcomes in terms of increased client happiness and access to finance, as well as compassion in the society.

**Table 7.8: Impact 2015-2017**

Client's perception on business changes			Client's perception on household changes		
Variable	Respondents	%	Variable	Respondents	%
Increased sales/profit	329	74	Improved living /income	351	79
Increased business assets	150	34	Increased satisfaction	139	31
Increased orders	80	18	Increased consumption	116	26
Increased employment	37	8	Improved education	32	7
No change	46	10	Increased expenses	33	7
Business shut down	29	6.5	No change/ lower income	31	6

Source: (Afonso, 2018)

A longitudinal impact study compares qualitative perception based business and household changes (of clients and non-clients) during 2015-2017 (Afonso, 2018). Table 7.8 show 74% of small businesses had higher sales, 34 % had higher assets, and 18 % had more orders. Similarly, 79% clients had improved living and income, 31% had greater satisfaction, and 26% reported increased consumption. However, income and consumption of female borrowers was lower than male clients. Those living in main urban areas earned more, while female and illiterate clients belonged to poorer areas. Most (62%) clients borrowed because the loan complied with their faith and (29%) borrowed because it was a cheaper loan. For majority access to capital was no longer difficult while females still found it difficult to have access to funds (Afonso, 2018). So it appears Akhuwat has to some extent addressed the issue of access to credit by the less privileged.

### ***Engro Foundation***

The Engro Corporation is a large and growing organization with 2,619 employees in 2019. It delivers corporate social responsibility programmes in communities where it has a significant operating presence through the medium of the Engro Foundation. Its rural entrepreneurship programmes are focused on increasing output and productivity in the rice and milk sectors by training farmers in superior methods. The farmers can then sell surplus production of rice and milk to Engro as accredited suppliers. Besides its value chain programmes, Engro supports its local communities through provision of medical treatment facilities, support for local schools, and provision of life skills courses for girls and young women. Engro spent PKR 749 million in 2018 on its value chains and community welfare projects.

**Table 7.9: Engro Community investments and value chain projects in 2019**

Program	Impact
Rice value chain	<ul style="list-style-type: none"> <li>• Trained 4,600 farmers in rice growing</li> <li>• Trained 10,000 farmers in rice processing</li> <li>• Increased income of participating farmers by 40%</li> </ul>
Dairy value chain	<ul style="list-style-type: none"> <li>• Trained 24,000 women as milk production partners and milk entrepreneurs</li> <li>• Doubled income of participating milk producers</li> </ul>
Health	<ul style="list-style-type: none"> <li>• Treated 20,480 patients</li> </ul>
Education	<ul style="list-style-type: none"> <li>• Adopted 25 schools with 4,673 students</li> </ul>
Life skills	<ul style="list-style-type: none"> <li>• Trained 1,500 girls between age group 13-19 years</li> </ul>

Source: Engro foundation website

Judged in quantitative terms, as can be seen from Table 7.9, Engro is a valued contributor on a modest scale to socio-economic development in Pakistan. It is one of several responsible companies interested, ultimately for commercial reasons, in doing good while making money. Its approach highlights the limitations of corporate foundations as a force for socioeconomic change. The Engro model is neither strategic nor scalable. In quantitative terms, the numbers it reports are substantial if measuring local impacts, but when set against the bigger picture they are modest. This is not to say that corporate philanthropy is not desirable or good for beneficiaries, it is simply to recognize that it is unlikely, other than in exceptional cases, to deliver transformational programmes at scale.

### ***Al Shifa Trust***

It is estimated that there are almost two million blind and visually impaired people in Pakistan, of whom 80 percent might be cured or have their condition substantially improved. Al Shifa provides treatments at its four hospitals in Rawalpindi, Sukkur, Kohat and Muzaffarabad for conditions like cataracts and glaucoma. Each of the hospitals runs eye camps in surrounding towns and villages, seeing outpatients and performing a public health function by screening children and adults for common eye conditions. As can be seen from Table 7.10, it does so on a prodigious scale in terms of absolute numbers screened or treated. By the time of its 25<sup>th</sup> anniversary in 2016, Al Shifa had treated more than six million patients and conducted over half a million operations (Annual Report, 2016).

**Table 7.10: Al Shifa Eye Trust activity data for 2018**

Services Location	Hospital Services		Eye Camp Services	
	Outpatients	Operations	Outpatients	Screenings
<b>Rawalpindi</b>	252,984	18,144	115,204	122,032
<b>Sukkur</b>	51,100	3,766	18,064	51,852
<b>Kohat</b>	29,700	2,960	28,560	8,940
<b>Muzaffarabad</b>	25,780	1,952	2,436	26,968
<b>Total</b>	<b>359,564</b>	<b>26,832</b>	<b>164,264</b>	<b>209,792</b>

**Source:** Estimated (multiplying quarterly figures by four) from *El Shifa Eye Trust Quarterly Patient Statistics* (July to September 2018), accessed on 21 April 2019 from <https://www.alshifaeye.org/quarterly-patient-statistics.php>

At the time, it accounted for 70 percent of all eye care in Pakistan, and the position is little altered since. Al Shifa, like SKMCH, could grow further to meet the continuing unmet demand for eyecare in the country. This could only be done in partnership with government or on-going support from international agencies and mega-philanthropies like the Gates Foundation. Again, like SKMCH, Al Shifa is adept at fundraising, taking full advantage of the appeal for zakat during Ramadan. However, funding from traditional sources is insufficient to meet demand, and until this constraint is overcome, the organization will be constrained from achieving its full potential.

### ***Summation***

The five organizations researched have each grown and developed since their foundation. They are socially innovative and pursue ambitious goals. Except for the Engro Foundation, they are now operating at a scale which makes a significant contribution to the socio-economic development of Pakistan, producing transformational results within their respective fields. This has depended crucially on the social entrepreneurs responsible winning the trust of multiple stakeholders, including the government, international agencies and the people they serve. They need access to additional resources if they are to extend their reach further and realize their full potential.

### **7.8 Conclusion**

This chapter has examined the role of social innovators in identifying and satisfying previously unmet social needs in Pakistan, guided by the question *how do large charitable organizations contribute to socioeconomic development in Pakistan?* Four key themes emerged from an inductive analysis of the project research interview data. Consideration of

each of these sheds light on the role of social innovation in improving the lives of underprivileged people (Granovetter, 1985; Gatens & Lloyd, 1999; Maclean et al., 2012; Steyaert & Katz, 2004). The analysis has generated further insights into what is required to achieve impact at scale. Successful social entrepreneurship requires creative and innovative ways to address social needs (Friedman & Desivilya, 2010; Peredo & McLean, 2006; Perrini et al., 2010; Weerawardena & Sullivan Mort, 2006). The importance of local embeddedness to successful project implementation is underlined in the literature and confirmed here. Likewise, the findings presented in this chapter confirm that social innovation depends on acquisition and exploitation of requisite amounts of economic, social, symbolic and cultural capital. In the process, social entrepreneurs accumulate significant cultural, social and symbolic capital to attain elevated positions in society. As hyper-agents (Schervish, 2003, 2005), they have the capacity to enact socioeconomic change.

The first main finding of this chapter, confirming those of Marshall (2011) and Maclean et al. (2012), is that understanding social needs, how these arise and what is needed to remedy the situation is fundamental to the introduction and diffusion of social innovations. Social innovators need a sound theory of change to be effective (Funnell & Rogers, 2011). Effective theories of change are founded on a correct diagnosis of the problem, finding a workable solution, generating the resources needed to implement the solution, and carefully executing a delivery plan. In each of the cases studied, these conditions were satisfied, but resource constraints in the cases of SKMCH and Al Shifa were found to limit the rate of change. This leads to a second main finding. Philanthropy, as history confirms (Harvey et al., 2019), is often the source of breakthrough social innovations. This is certainly true in Pakistan. But rarely does philanthropy have the staying power to deliver and sustain social innovations across entire nations. The evidence present here is telling on this point both negatively and positively. Negatively, in the case of SKMCH and Al Shifa, where an insufficiency of funds has constrained expansion, and positively in the cases of Akhuwat and Fauji, which have both generated the financial muscle needed for rapid growth. At Akhuwat, partnering with government made this possible whereas at Fauji internal resource generation through the profits of industrial investments has been enabling. A third main finding is that no matter how good your initial theory of change, sustaining philanthropic ventures requires on-going adaptation, experimentation and learning, especially with respect to overcoming



sociocultural, political, economic and ethical barriers to change (Zahra et al., 2009; Harvey et al., 2019). In this respect, each of our case organizations has developed capabilities through a process of trial-and-error, not least in fundraising and forming long term partnerships with international and governmental agencies. A fourth and final main finding is that each of the case organization has proved its value as an engine for socio-economic development in Pakistan (Smith & Stevens, 2010; Perrini et al., 2010). When evaluated on their own terms, in relations to goals, all five organizations have had a positive impact on society. In answering our guiding question, large charitable organizations contribute to socioeconomic development in Pakistan by successfully innovating to meet previously unmet social needs. With access to higher levels of philanthropic funding, as demonstrated earlier in chapter 4 of this thesis, they could accomplish so much more, especially when partnering with government agencies and private sector organizations.

## Chapter 8 - Conclusion

### 8.1 Introduction

My goal in this thesis has been to evaluate the present role and future potential of philanthropy in the socioeconomic development of Pakistan. Following a review of existing empirical and theoretical literature on my topic, which is not copious, I decided to conduct an interpretive study founded on quantitative data from international development agencies and published surveys, and qualitative data from sector experts and five in-depth case studies. I analysed my data inductively, coding and recoding to identify *inter alia* trends, patterns, perceptions, experiences, issues, problems, constraints, frustrations, practices, learning, tactics, strategies, successes and failures. This was not a cold, dispassionate exercise conducted with clinical precision. I had been moved by my experiences as a field researcher by the extent of poverty suffered by individuals, families and communities in my own country. Inevitably, perhaps, this has influenced how I think about philanthropy and its role in socioeconomic development in Pakistan and more generally. I am left at the end of the research with considerable admiration for the many achievements of philanthropy and enthusiastic about possibilities for the future. However, if the voluntary sector is to grow significantly in scale and scope, increasing its support for the socioeconomic development efforts of government and international agencies, there must be a sea-change in commitment to philanthropy on the part of wealthy people both inside Pakistan and internationally (Wenar, 2011). As Peter Singer so acutely observes in *The life you can save* (Singer, 2009), a lot more money needs to flow from those with an abundance of it to those for whom survival is a daily challenge. In a globalized world, the rich bear an individual ethical responsibility to care for the poor and relieve suffering wherever it is found not just in their own back yards (Harvey et al., 2020a). The best way to do this, my research suggests, is for philanthropists to invest in the most effective charitable organizations engaged in socioeconomic development, enabling them to grow and deliver their services across the entirety of poorer nations, including Pakistan (Macaskill, 2015; Singer, 2015).

In this final chapter, I summarize and reflect on the results of my research. The next section draws together the main threads of the core argument developed in chapters four, five, six and seven of my thesis. It provides an answer in the final sub-section to the focal research question: *what is the role of philanthropy in the ongoing socioeconomic*

*development of Pakistan?* I then consider the contribution made by my research to the academic literature on philanthropy and its role in socioeconomic development, which, it is observed, is still in its infancy. The policy and practical implications of my research are considered in the following section. This, I believe, goes to the heart of what I have been trying to achieve as a researcher, offering something of practical value from which policymakers and practitioners might benefit; in other words, something more than a set of desiccated research findings. A short section on limitations and future research possibilities follows, before I offer my final thoughts about philanthropy and the socioeconomic development of Pakistan.

## **8.2 Core argument and main findings**

The core argument made in this study is presented in chapters four, five, six and seven, which progress sequentially from *scale* to *motivation* then *organization* and finally *impact* to deepen my analysis of the ongoing role of philanthropy in the socioeconomic development of Pakistan. Each of these four empirical chapters answers a subsidiary research question and contributes to answering the master research question of the thesis. In this section, I summarize its main empirical findings, chapter by chapter, before drawing the threads together to answer definitively the master research question posed initially in the opening chapter.

### ***The relative importance of philanthropy to socioeconomic development***

Chapter four of the thesis asked *how important philanthropy is as an instrument of socioeconomic development in Pakistan?* In answer, we established that to date it has played a *supporting role* rather than a *leading role* in development initiatives. Government and NGOs since independence in 1947 have been the leading actors on the development stage. Only governments can muster the resources, legitimacy and organization needed to make huge investments in infrastructure and fund national systems for healthcare, education and community development. The government of Pakistan over decades has received large amounts of support in the form of overseas development assistance (ODA), but the greater part of development resources has nonetheless come from internally generated resources in the form of taxation and government borrowing. ODA has thus been beneficial, but ultimately insufficient to break the vicious cycle of underdevelopment. In the case of

Pakistan, this problem has been compounded by rapid and sustained growth in the population, which, according to World Bank statistics, rose from 38 million in 1950 to 200 million in 2016 and 221 million in 2020. With a population growth rate consistently above 2 per cent per annum, peaking at 3.37 per cent in 1983, the economy of Pakistan has had to expand rapidly just to prevent per capita incomes from falling.

The main consequence of rapid population growth is that despite strenuous efforts it has not yet been possible to eradicate mass poverty in Pakistan where 23.7 per cent of the population continues to live below the poverty line. In this situation, survival for individuals and families often depends on the charity of others, one household providing support for another in cash or in-kind, often by way of extended kinship networks. This explains why Pakistan stands high in rankings of indigenous charitable giving, and, added to this, millions of Pakistanis who have moved abroad to find a better life in countries like the UK and US supplement the incomes of Pakistani families at home by making collectively large charitable transfers of cash. However, charitable giving within families does not strictly speaking count as philanthropy because in-family giving is specifically excluded under most definitions of philanthropy. The word philanthropy specifically relates to *private giving for the public good* (Payton & Moody, 2008; Davies, 2015). It is thus the preserve of individuals and organizations that give altruistically to causes that bring no direct benefit to themselves. Under this definition, neither individual or corporate philanthropy in Pakistan stand at a high level, although corporate philanthropy has grown in recent years and likewise overseas private philanthropy (OPP) through donations to favored causes made by the likes of the Bill and Melinda Gates Foundation.

This analysis, unvarnished by sentiment, explains why philanthropy currently plays a supporting not a leading role in socioeconomic development in Pakistan. Philanthropy has found its place in specialist niches and in supplementing government provision for social welfare. Most of the philanthropically supported front-line charities operating across Pakistan are micro-organizations that aid individuals and families in dire need in times of crisis such as the death of a bread winner. These organizations play a valuable supplemental role in sustaining the social fabric of the nation. Larger philanthropically supported front-line charities and social purpose organizations operating in the spheres of healthcare, education and community development are specialists in meeting what would otherwise be

unmet social needs. The five case study organizations researched for this thesis fall within this category. SKMCH and the Al-Shifa Trust are medical specialists in cancer care and eye care respectively. Akhuwat is a specialist provider of no interest loans for the self-employed. The Fauji Foundation specializes in supporting the lives of ex-military personnel and their families and the Engro Foundation specializes in developing the communities in which its parent company operates. These five organizations are among the jewels in the crown of the philanthropic sector in Pakistan. What is needed to make a bigger impact on the socioeconomic development of Pakistan is more progressive, effective and highly capable organizations like them to be funded more generously by wealthy individuals and philanthropic foundations based within and outside Pakistan, as well as a regulatory regime that creates an environment that supports institutionalizing philanthropy.

### ***Philanthropic motivations***

Chapter five of my thesis asks *what drives members of the Pakistani elite to embrace philanthropy as a vehicle for social change?* Motivation is one of the main topics of research on philanthropy and philanthropists (Bekkers & Wiepking, 2011a; Bekkers & Wiepking, 2011b; Pharoah, 2016). Within the context of this thesis, my interest is in discerning how outstanding individuals identify unmet social needs and find the energy and resources needed to create effective charitable organizations that enable them to realize their world making ambitions. The chapter is the first of three based on qualitative in-depth case study data. Like other researchers, I find that the personal backgrounds, experiences, values and beliefs matter (Breeze & Moody, 2016; Lloyd, 2004; Schervish, 1997, 2006, 2008). The founders of each of the five case study organizations were successful and experienced individuals of high social standing and reputation with ready access to elite networks. Each came from a family that had nurtured philanthropic values and commitment to the national project of creating a prosperous, religiously observant and socially caring Pakistan. Two founders had prior experience of running successful business enterprises, whereas three did not, deviating from the stereotype of entrepreneurial philanthropy, which presupposes that world making philanthropic ambitions typically follow from success in business (Harvey et al., 2011). What drove them all, however, was the desire to satisfy pressing but neglected social needs, ‘generating a legacy of the self that is both self- and socially oriented ... propelling their capacity for action’ (Maclean et al., 2015: 1623).

The commitment of founders to philanthropy is reinforced by the conferment of rewards and satisfactions. My findings confirm that engagement in philanthropy is often a life-enhancing source of contentment and satisfactions (Maclean et al., 2015). As their journeys progress, philanthropists become more compassionate, contented, patient and able to cope with disappointments and failures, accepting challenges as learning experiences. Founders typically are proud if modest about the positive changes in society their efforts bring about and want to be remembered for their good work. This suggests that these satisfactions deeply enrich their lives, causing them to become increasingly generous as their philanthropic journeys progress. Furthermore, while philanthropic activities may not pay back directly in economic terms, they do pay back in other ways, most notably by elevating the position of founders in society through receipt of honors, awards and recognitions. Thus, they enter a virtuous circle in which internal satisfactions and the accumulation of symbolic capital combine to increase their commitment to the philanthropic cause.

### ***Governance and management of philanthropic organizations***

Chapter six of my thesis asks *how and to whom are Pakistan's largest philanthropic organizations accountable?* This is an important question because only charitable organizations that inspire confidence in their governance, organization and management are likely to be trusted as long-term beneficiaries of philanthropic funding. Indeed, the effective altruism movement is founded on the idea that some charities are more effective than others at creating social value (Macaskill, 2015). In my research, I draw mainly on the *agency theory* (Jensen & Meckling 1976; Fama and Jensen 1983) to explore issues of accountability and transparency at five case study organizations. From this perspective, I find that in Pakistan no mandatory code of governance presently exists. Each of the five case organizations, however, is accredited by the Pakistan Centre for Philanthropy (PCP) and has a properly constituted board and system of governance. All enjoy tax exempt status and inspire confidence in donors and partner organizations. The roles of board members and managers are separated, so that non-executive board members provide strategic direction and oversight of activities while executive implement the policies of the board (Miller-Millesen, 2003). Boards oversee finances, resources allocation and fundraising to ensure accountability and transparency, building donor trust in their organizations.

My findings support the argument that the composition of voluntary sector boards is strategically important (Fama & Jensen, 1983). Board members of the five case organizations are successful individuals with the experience and authority to direct the work of executives. The three front-line charities have boards with a mixed composition reflecting the interests of donors and other stakeholder groupings. Here, the presence of independent board members who conspicuously possess extensive knowledge, expertise and networks enhances their image as legitimate, trustworthy philanthropic organizations. This same cannot be said of Engro, which is a corporate foundation with board members drawn exclusively from the Engro Corporation. At the Fauji Foundation, board members are high ranking representatives of different branches of Pakistan's military establishment. At first sight, the composition of the Engro and Fauji boards gives cause for concern. At Engro the worry is whether the projects of the foundation are genuinely philanthropic or whether they primarily serve the interests of the Engro Corporation. This concern is eased by the fact that the greater part of funding for the foundation comes directly from the corporation, and that the foundation is transparent about the projects it supports and how these yield public benefit. The governance of the Fauji Foundation is far more problematic and a longstanding matter of public concern. Here the charge arises that national industrial assets have been appropriated, controlled by a self-serving military clique immune from democratic control that benefits one section of the population (ex-military personnel) over others (Siddiq, 2017). In mitigation, however, the lack of genuine outside non-executive directors at the Engro and Fauji foundations is compensated for to some degree by the employment of external advisors and consultants, male and female, with the knowledge needed to give independent expert advice. Furthermore, the risk of board members losing control over foundation executives is reduced in both cases by having small and highly knowledgeable boards.

What comparative case analysis reveals is that there is a variable approach to governance within the philanthropic sector in Pakistan. Variability in institutional arrangements is a product of history and the distribution of power in Pakistan whereby the military enjoys special privileges that it is reluctant to relinquish. However, the conclusion I reach is that reform is needed if philanthropic funding for the voluntary sector is to be increased. The three large philanthropically funded independent charitable organizations studied here are exemplary in their governance. Donor and public confidence in them are

high. This suggests the need for a common, rules-based code of governance for all charitable organizations, this could be administered by the PCP or a government commission. Such a code could insist, amongst other things, that all boards should have a high degree of independent board member representation. Without reform and more exacting standards of governance across the philanthropic sector, donor and public misgivings will persist, undermining trust and confidence and ultimately limiting philanthropic giving from donors at home and abroad.

### ***The impact of philanthropy on socioeconomic development***

Chapter seven of my thesis asks *how large philanthropically funded charitable organizations contribute to socioeconomic development in Pakistan?* The answer given here is that they introduce vital social innovations and satisfy previously unmet social needs (Anheier & Leat, 2006). In Pakistan, such organizations make a large and significant contribution to economy and society as specialist providers of services within healthcare, education and community development. The social innovation process involves the search for creative solution to problems that enhance the quality of life such as educational opportunities, specialist healthcare services and providing the means of earning a living. The key difference between case study organizations is in how they identify social needs, and how they pursue and solve problems to create beneficial outcomes. Under the first approach, the Engro Foundation and Fauji focus on developing the capabilities needed to enable less privileged people to compete (Sen, 1993, Sen, 2009; Nussbaum, 2011), supporting them with educational services at little or no cost, knowledge and opportunities in pursuit of improved livelihoods. Under the second approach, SKMCH, the Al-Shifa Eye Trust and the Akhuwat Foundation support poor people by providing high quality medical and capital. This is a more traditional form of philanthropy based on customary values of supporting people in need (Harvey et al., 2020). In these cases, pre-existing social values are mobilized for the common good. Innovation resides in creating durable, well run organizations that add value to society by improving lives and life chances.

Social innovation is closely linked to social activism (Maclean et al., 2013). In none of the three case organizations studied did the founder make a large-scale philanthropic investment. Rather, initial success depended on applying cultural, social and symbolic capital to mobilize networks and secure necessary resources (Bourdieu, 1986). They relied on their social capital to gain access to economic capital in the form of donations and form



partnerships inside and outside Pakistan. The founders in effect were hyper-agents with the symbolic capital needed to rally others to the cause of social innovation and change (Schervish, 2003, 2005). Once launched, each of the case organizations has developed a sustainable business model unique to its own circumstances. In effect, SKMCH, the Al-Shifa Eye Trust and Akhuwat sell their services to those that can afford them and use their philanthropic income either to provide services free of charge to the poor (SKMCH and Al-Shifa) or to cover overheads (Akhuwat). The Engro Foundation and the Fauji Foundation, in contrast, rely on commercial income to cover the costs of their philanthropic operations. In the case of Engro, its philanthropic income comes near entirely from its parent company, whereas Fauji is the beneficial owner of extensive industrial and financial assets as one of the leading industrial groups in Pakistan.

My research provides valuable insights into how social innovations are embedded and exploited, particularly with respect to the early adaptation of organizational models and practices to render them *fit-for-context* (Harvey et al., 2020b). Innovations made in developed countries often require adaptation to suit the circumstances in a less developed country like Pakistan. The Al-Shifa Eye Trust's development of field camps for diagnosis and treatment in remote areas is exemplary in this respect. Given the risks involved in creating new organizational models, it is unsurprising that social innovations typically are proved locally before spreading across nations, confirming earlier findings reported in the literature (Austin et al., 2006; Granovetter, 1985; Maclean et al., 2012; Ram et al., 2008; Smith & Stevens, 2010; Tapsell & Woods, 2010). However, once confidence and reputation are established, social innovations spread from one locale to another, as seen most spectacularly in the spread of Akhuwat's no interest loan model to all parts of Pakistan since 2001. Philanthropy speeds the spread of social innovations by enabling the growth of originating organizations and encouraging the creation of others. In complex, knowledge intensive professional organizations like SKMCH and the Al-Shifa Eye Trust, in which both capital and operating costs are high, expanding services and service locations creates synergies (Fowler, 2000) but also severe organizational challenges (Zahra et al., 2009).

### ***The ongoing role of philanthropy in the socioeconomic development of Pakistan***

What, then, is role of philanthropy in the ongoing socioeconomic development of Pakistan?

Based on the evidence presented in this thesis, quantitative and qualitative, I hold that the

singular role of philanthropy in socioeconomic development lies in the *initiation and embedding of beneficial changes to economy and society*. It is the duty of governments and international agencies to ensure that the basic needs of all members of society are satisfied. Philanthropy should not be reduced to being a surrogate or supplement to national and international authorities. Nor should it be an alternative to markets. Companies and entrepreneurs are far better at identifying commercial opportunities and moving swiftly to meet demand. Philanthropy is at its best when markets fail, and governments lack the resources, appetite for risk and creativity needed to respond positively to the challenges involved in satisfying hitherto unmet social needs. Philanthropy is about far more than simply redistributing wealth from rich to poor. In saying this, I stand in opposition to Peter Singer (2011, 2015) and the utilitarian school of ethics (Macaskill, 2015), which in effect diminishes the role of philanthropy to one of alms giving on a massive scale (Harvey, 2020a).

More specifically, I argue that the role of philanthropy in socioeconomic development in Pakistan and elsewhere is to deliver the financial resources needed by innovative charitable organizations striving to initiate and embed beneficial changes to economy and society, thereby satisfying previously unmet societal needs. Philanthropy makes social innovations possible, but it does not do so alone, it does so in partnership with change agents in the voluntary sector. In making this case, I am sympathetic to the entrepreneurial philanthropy school of transformational philanthropy (Harvey, 2011; Maclean and Harvey, 2020; Shaw et al. 2013), but depart company in one important aspect. Whereas in entrepreneurial philanthropy, the philanthropists are in the driving seat of socioeconomic development, in my view they are enlightened back seat drivers. This is because, as I have shown in this research, social activists play the crucial role in devising, disseminating and embedding the new organizational models and practices fundamental to delivering social innovations. I recognize ‘competition and struggle are but one side of economic life and that trust, cooperation, and collective action in the provision of public goods are the obverse side’ (Adam Smith cited in Sachs, 2005:327). The inspiration is that social innovation when underpinned by social values and norms of social responsibility, in which a society plays an active role, creates a wide spread transformative change.

### **8.3 Research contributions**

Consideration of the role of philanthropy and voluntary sector organizations in socio-economic development is underdeveloped in the academic literature. Lack of prior empirical studies confirms that relatively little is known about the role of philanthropy and socially innovative practices of philanthropic organizations in socioeconomic development. This study addresses this lacuna head on and offers understanding about the potential and impact of philanthropy with reference to a developing economy where socioeconomic inequalities tend to be much more acute than in advanced countries. It is the first in-depth study of its kind located in the context of a developing country, Pakistan, and as such, makes an important empirical contribution to the literature. This also is the first in-depth comparative analysis of five large charitable organizations committed to delivering public services and promoting the socioeconomic development of Pakistan. In terms of originality, six main findings stand out:

1. Philanthropy has played and continues to play a supporting role to government in the socioeconomic development of Pakistan, and in quantitative terms the supply of philanthropic funds is continuously challenged to keep pace with demand. Although Pakistan benefits from ODA and overseas private philanthropy but it depends mainly on domestic support, for transformative outcomes in social sector development.
2. Philanthropy in Pakistan is inextricably linked to social activism. There are no Gates-like entrepreneurial philanthropists at the head of powerful indigenous independent foundations. Philanthropic funds are raised from the many not the few to support front-line charitable and social purpose organizations. Such organizations are created by passionate, collectively minded social activists to satisfy hitherto neglected social needs. What motivates such people to engage in philanthropic activities? It is their generativity and the desire to leave a socially oriented legacy for the benefit of future generations. Their giving practices are not driven by self-interested motives rather they combine the family values, norms and beliefs of giving, compassion and personal experiences with the modern neoliberal approach of capabilities development to build an equitable society.

3. Notwithstanding the good work of the PCP in accrediting charities receiving of philanthropic funds, there is a variable approach to governance within the philanthropic sector in Pakistan stemming from history and the persistence of vested interests. The philanthropic landscape is neither regulated by a single organization nor do international reporting standards exist. Reform is needed if philanthropic funding for the voluntary sector is to be increased. Only when potential donors at home and from overseas can be entirely confident that their money will be well spent will the flow of philanthropic funds increase.
4. The study confirms the developmental role of socially innovative philanthropic endeavors of large frontline charitable organizations. A distinguishing feature of the front line charitable organizations is that these to a great extent play an alleviative role and relieve many of the unfavorable conditions they are surrounded with. The main contribution of philanthropy to the socioeconomic development of Pakistan stems from social innovations that help in satisfying unmet social needs. In Pakistan, front-line charitable organizations make a large and significant contribution to economy and society as specialist providers of services within healthcare, education and community development. Charitable organizations that grow the scale and scope of their operations with the support of philanthropic funds have the biggest transformative impact on society.
5. The study lays emphasis on how social innovation addresses unmet social needs and contributes towards the socioeconomic progress of a developing economy, operating under conditions that cause barriers to socioeconomic progress. Both the business and social entrepreneurs face similar types of social problems but their strategies to solve them vary in addressing social problems. Not only their innovative models of social value creation and resources mobilization vary, rather the obstacles they face and overcome, and the socioeconomic impact they create also differ.
6. The study provides a better understanding of the role of philanthropy and specifically of front line charitable organizations in support of social sector development. Recognizing their importance and societal impact public policy support for their growth and increased scale of operations is vital for socioeconomic progress.

My research also lays claim to three original theoretical contributions to research on philanthropy and socioeconomic development:

1. The first theoretical contribution of this research is that it identified the relevance of the concepts of capital theory, hyper-agency and entrepreneurial philanthropy to my research. It confirms that these are not only valid and applicable to the philanthropic practices of a developing country, rather capital theory and entrepreneurial philanthropy is extended to social entrepreneurship and socially innovative philanthropic practices. Both the accumulated capital and psychological capacity of the philanthropists studied enable them to support and engage in socioeconomic betterment of the less privileged.
2. I identify and specify the role of *indigenous social activists* as pivotal actors in delivering the social innovations at the heart of the development process. This represents a natural extension or refinement to the theory of entrepreneurial philanthropy. Pakistan is not home to many wealthy entrepreneurs and high net worth individuals (HNWI) yet its philanthropic contributions and fund raising activities of social activists and networking have been central to socioeconomic uplift of the less privileged.
3. I move beyond viewing philanthropy as a monolithic construct, to identify as crucial to socioeconomic development *the agentic nexus between philanthropy and social activism* in creating and embedding the new organizational models and practices that deliver beneficial economic and social change. Given the limited availability of resources relative to the extent of unmet social needs, the nexus between philanthropy and social activism is not only cost effective it is also a feasible strategy. The social activists studied view competition and contestations as not the only way to socioeconomic development. Rather they leverage the prevailing cognitive societal norms of compassion and philanthropy as an effective strategy for socioeconomic progress.

#### **8.4 Implications for policy and practice**

My research insights point to the desirability of creating in Pakistan a more strategically minded and growth oriented voluntary sector supported by a much larger flow of philanthropic funds from wealthy Pakistanis and philanthropic foundations based overseas. To realize this goal, I offer five main recommendations:

1. Government in conjunction with bodies like the PCP should review the governance of charitable organizations to ensure they are transparent and accountable, well managed and governed, to build confidence in existing and prospective philanthropic donors. I propose that a commission be established to look at whether a code of governance could be introduced to improve trust and confidence in philanthropic organizations.
2. Already large and well managed charitable organizations should develop more ambitious projects and programmes in partnership with large international philanthropic foundations committed to the socioeconomic development of Pakistan. This is made even more important by the decline in ODA flowing to Pakistan in recent years.
3. Government, following the success of Akhuwat, should embrace partnership working with voluntary sector organizations in the delivery of nationally and international funded developmental projects and programmes.
4. Government should state clearly its expectations of large companies and wealthy people in increasing the flow philanthropic funds to the voluntary sector. It should make a concerted effort to honor the achievements of philanthropists and social activists.
5. National leadership organizations should be established to increase the voice of voluntary sector and coordinate national efforts to improve the philanthropic infrastructure of the country working alongside international partners. The initial focus should be on creating national coverage of community foundations to tap the funds of wealthy entrepreneurs interested in becoming philanthropic.

### **8.5 Limitations and future research**

The research design of this thesis, combining quantitative evaluation with qualitative enquiry, I believe to be robust, given the time and resource constraints bearing on an individual doctoral researcher. These constraints meant that the quantitative data underpinning the study were supplied by third parties, international agencies like the World Bank, the OECD and the PCP. I found the databases of the international organizations to be a prime source of detailed information enabling fine-grained analysis. A large part of private philanthropy is informal and unrecorded and the statistics published by the PCP, in contrast, lack granularity. Therefore the researcher is obliged to use categories and constructs devised by others. Ideally, I would have liked to have gathered statistical data myself by means of a

third sector survey. This, however, would have made conducting multiple interviews at the five case organizations impossible, so was traded off and sacrificed. In other words, the statistical underpinnings of the research are not as strong as they might have been.

Another limitation of my study is that it focuses on the contributions of successful and relatively large organizations which may limit its generalizability to small organizations operating at a local level. The combined role of several medium size organizations remains to be explored. Likewise my study is based on selected case organizations from a single country Pakistan and may lack generalizability of research findings across developing economies. Future studies may focus on a comparative analysis of the potential of philanthropy in solving complex and persistent social problems between two regional economies faced with similar socioeconomic challenges. Or future research might focus on a larger sample potentially drawn from across a small number of developing countries to generalize and increase confidence in the research findings. The existing literature gives a partial understanding of the motivations driving the establishment of philanthropic organizations with reference to advanced countries. There is need to understand in-depth, in the context of developing countries, the philanthropic motivations, and socially innovative role of philanthropic initiatives in removing the barriers to social change in developing economies. Academic interest in the practices of social innovation, social entrepreneurship, and organized philanthropy affecting societal progress is a novel and unexplored area of study in developing economies.

Other neglected areas of research are the study of beneficiaries' perspectives of philanthropic projects in addressing their needs, and studies evaluating the role and contribution of volunteers towards philanthropic activities and highlighting the real passion of role models for social work can motivate others to play their role.

One of the criticisms of the qualitative method of data collection is the introduction of biases as a result of personal background, political views and habitus of the researcher. These are assumed to be instrumental in making sense of the data collected. In addition, the interpretations and core argument of the thesis emanate largely from the coding of interview transcripts and are likely subject to researcher pre-conception bias. Although the advantage of qualitative data is that biases that may arise from preconceived ideas are surfaced during fieldwork and falsified during analysis. It is possible that other researchers might have drawn

different conclusions. Therefore, further research ideally will be conducted on a team basis with dual coding and differences discussed and reconciled to increase confidence in the findings. Even so, my thesis provides a foundation for future research on the role of philanthropy in socioeconomic development in Pakistan and elsewhere.

## **8.6 Final thoughts**

I feel as I write these final words that I have been on long and arduous journey, beginning with a baptism of fire of formal research training and ending with the marathon of writing a doctoral thesis. Along the way I have had to learn how philanthropy arises, how it works and how it serves society. Like others who undertake third sector research I have suffered and continue to suffer from mixed feelings. Philanthropy is born of inequality. It seeks to mitigate the unfortunate outcomes of social systems that make it possible. Yet, when on the inside of the large charitable organizations on which this research is based, I was filled with admiration for their founders and for those who have carried the torch for them since. This applied as much to the controversial Fauji Foundation as to the less controversial others because there is no doubting that the lives of millions of people have been improved through its philanthropic activities, including my own. There is, in my view, no easy answer to the question *does the public good done by philanthropy outweigh the private suffering wrought by the inequalities and injustices that make it necessary?*

Perhaps the most important general lesson I have learned is that deeply ingrained socio-cultural barriers to social innovation and socioeconomic development are common in developing countries, and Pakistan is one of them. I understood that entrepreneurship can be defined as a way of thinking, which differs in each of the five cases researched, but their values of ingenuity, truthfulness, compassion, fairness and justice, trust and self-confidence are similar. They, as leaders within the third sector, have the capacity to inspire, to be passionate and have the desire to succeed, work hard, and have the psychological capacity to take risks, make wise decisions. They also have the courage to face challenges and to think long term. Each of the five cases studied are champions for socioeconomic development, but their philanthropic journeys have not been straightforward. Integral to their success has been the pain and struggle they have had to go through. They identified opportunities and committed themselves so totally that starting their projects meant investing enormous amount of energy and commitment to achieve their goals. However, the challenges that came



their way were a fundamental part of learning and experience. The challenges helped them develop their will power, stamina, self-confidence and psychological capability. They have moved forward pragmatically, engaging in way finding, striking accommodations with other actors when necessary, and throughout finding creative solutions to difficult challenges. A great deal of patience, persistence and ethical rectitude has been needed to complement the vision and strategic foresight exhibited by their founders and organizational leaders.

My future research and academic agenda is to publish my work in co-authorship with my supervisors, share my work in academic conferences, join an academic institution, and volunteer to work for a philanthropic foundation to gain hands on experience. Drawing upon the experiences of the philanthropists studied and my own family and religious values of giving, I wish to engage in giving at a personal level. Being a doctoral student has meant being hard pressed for cash and time, yet I have found it rewarding to share my knowledge, food and sometimes small amount of cash with those in need.

My paper on philanthropic motivations is already accepted for the upcoming British Academy of Management (BAM) conference 2021. I am planning to participate in the ERNOP conference and hope to submit a paper on governance of philanthropic organizations in developing countries (Pakistan and India). It is an unexplored area of research. I also plan to relate institutional change theory (Lawrence and Suddaby, 2006 and Lawrence et al., 2013) to the role of independent philanthropic organizations in fostering socioeconomic change and development (in particular the role of informal cognitive values and norms contrary to the role of formal property rights institution, and the traditional non inclusive institutions of the micro finance originally meant for poverty alleviation). Outside the academic world, I intend to share my work with the policy makers and philanthropic foundations, to acknowledge their contribution and help motivate them to continue their much-needed philanthropic endeavors toward the socioeconomic betterment of my country.

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**Appendix (A)** Consent form for voluntary participation in research interview

I volunteer to participate in a research project conducted by Mr Muhammad Saad Masud Khan from Newcastle University Business School, Newcastle, UK. I understand the information gathered is for the PhD research of the student. I will be one of the 30 participants that will be interviewed for this research. My participation will be voluntary:

1. I know it is not a paid participation. I may withdraw from the interview any time without any penalty.
2. I understand that I will find the discussion interesting and useful. I have the right to decline to answer any question.
3. Participation involves being interviewed by a PhD researcher from Newcastle University. The interview will last approximately one hour. Notes will be written during the interview. An audio tape of the interview and subsequent dialogue will be made.
4. I understand that the researcher will maintain confidentiality and not disclose my identity by name in the thesis, use information gathered for other purpose. Subsequent uses of records and data will be subject to standard data use policies which protect the anonymity of individuals and institutions.
5. I have read and understand the explanation provided to me. I voluntarily agree to participate in this study.
6. I have been given a copy of this consent form.

My Signature

Date

Name and Signature of the Researcher

Contact:

**Debriefing Form**

Study Title: Philanthropic Foundations and Socioeconomic Impact in Pakistan

Contact detail of Researcher:

Name: Mr Muhammad Saad Masud Khan

Email address: m.s.m.khan1@ncl.ac.uk

Cell Number: UK Mobile No: 00447522914171, Pakistan Mobile No: 00923055731552

Thank you for agreeing to participate in this study.

In this exploratory qualitative study, we plan to conduct semi-structured interviews of three individuals a) business elite, b) the foundation workers and c) the recipients; to understand the phenomenon of contemporary philanthropy, its practices and impact on social renewal. The fact that these individuals have access to the kind of information about the phenomenon that the researcher is interested in, talking to them is the only way to get the first hand information about their individual stories, perspectives, experiences and processes.

The criteria for taking part in the study include:

1. Philanthropists who have certified foundations and are actively engaged in philanthropy.
2. CEO/Senior managers who oversee the practices and processes of the foundation
3. The foundation's socioeconomic impact on recipients/ is established and have earned reputation in education, health, economic empowerment and rural support programs.

The results from this study will enable me to understand the phenomenon of philanthropy in Pakistan and its impact on social renewal as part of my PhD research.

If you have any concerns about any aspect of the study, you may contact:

Professor Charles Harvey

Newcastle University, UK

Email: charles.harvey@ncl.ac.uk

Telephone: +44 (0) 191 208 5812

Dr Michael Price

Newcastle University, UK

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Phone: +44 (0) 191 208 1737

**Information Sheet**

Contact detail of Researcher: Name: Mr Muhammad Saad Masud Khan

Email address: m.s.m.khan1@ncl.ac.uk

Cell Number: UK Mobile No: 00447522914171, Pakistan Mobile No: 00923055731552

Title of Project: Philanthropic Foundations and Socio-economic Impact in Pakistan

**Introduction:**

I am Muhammad Saad Masud Khan, a studying for a doctoral degree at the Newcastle University Business School at Newcastle University, UK. This research project is undertaken to explore the phenomenon of contemporary philanthropy and its impact on social renewal of Pakistan.

**Will you take part in the project?**

I am looking for business elites, managers and recipients to volunteer for participation in the project.

**Why have you been invited to take part?**

The criteria for taking part in the study include: 1. High net worth individuals who have certified foundations and are actively engaged in philanthropy. 2. Foundations that have existed for longer than five years to establish their socioeconomic impact. 3. Foundations having significant reputation as philanthropists in education, health, economic empowerment, rural support programs.

**What will you do in the project?**

If you agree to participate in the study, you will be asked to tell us about your story how you got engaged in philanthropic activities/ what are the practices of the foundation/ what is its impact on the recipient's social conditions. The interview process not take more than 60 – 75 minutes. In case you want to withdraw at any point of time you are free to do so.

You will be free to withdraw from the study at any stage. This project will also mean that I will have access to published and official documents if required.

**What happens to the information in the project?**

All the information will be coded and your identity will not be disclosed, the information collected will be placed on the university server to which only I have access. The findings will be reported in the research thesis and may be published in a journal or presented at a conference.

Thank you. If you would like to contact my supervisors, who know about this research and are involved in it, you are welcome to contact.

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