

Investing in society: Why should entrepreneurs engage in philanthropy and impact investing?

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The report is based on the 2021 study.

The research methodology combined two techniques – a personal conversation in the form of a semi-structured focused interview (both offline and online), as well as the passage of an online questionnaire. The target group of the study is the owners of capital and their family members whose assets amount to at least \$1 million. A total of 53 interviews were conducted and 121 questionnaires were collected (see Research Methodology).

In the study, we focused on three tasks:

- to study the question of how the relationship between the family and the company headed by one of the family members is built;
- how succession is planned and how the strategy is influenced by the attitudes of parents and successors regarding the value of the family business,
- how and why Russian entrepreneurs participate in philanthropy and impact investing, what barriers they see for themselves.

Russian business is gradually moving from episodic charity to social systemic investments. Today, the approaches that were used in previous years are no longer effective enough to solve emerging problems. New, innovative approaches are required that reflect the real impact that investments have on society.

These trends explain the active growth of the inclusion of impact investments in the portfolios of entrepreneurs and the formation of a new ecosystem of impact investments both globally in the world and in Russia. For example, a study of the attitudes of capital owners towards charitable activities conducted by WTC Skolkovo in 2020 shows that today "impulsivity" and situational approaches still prevail (55%). At the same time, for the majority of respondents, the sustainability of the project (76%) and the professionalism of the team (84%) are important indicators of effective charity. (Data source: WTC Skolkovo. Online survey of 110 people. June 2020. Expert interviews (12 pieces). June-September 2020).

Impact investing in general is the invested impacts or the investments themselves aimed at social change (in a broad sense, including environmental, economic and social tasks proper). This definition was first proposed by The Rockefeller Foundation in 2007.

The report will present data from the 2021 study on several subjects:

- Typology and "portrait" of business generations and their attitude to philanthropy and impact investing,
- Why do businessmen (large Russian business) participate in philanthropic activity, attitude to the "oath of giving",

- Do they know what impact investing is, how they relate to this practice and what limitations they see for themselves,
- The main "failures" of 2022.