

Self-made billionaires more likely to give than inheritors

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A study by economists at the University of Southampton suggests that billionaires who have built their own fortunes are more likely to pledge to donate a large portion of their wealth to charities, than those who are heirs to family fortunes.

The researchers examined written testaments of wealthy philanthropists who have signed up to The Giving Pledge, a venture which encourages billionaires to donate at least half of their wealth to charitable causes. It was launched in 2010 by Warren Buffet and Bill and Melinda Gates.

One of the researchers on the Southampton project, Dr Mirco Tonin, says: "The written testaments of pledgers give us a fascinating insight into the philanthropic motivations of the extremely rich. They provide a unique window on a relatively small group of people who are key to the promotion of charitable causes."

The results of the analysis highlighted two main insights:

- Self-made billionaires are more likely to sign the Giving Pledge, compared to those who inherited their fortunes
- Philanthropy is impact driven. In the Giving Pledge letters billionaires talk mostly about what kind of changes they want to achieve, often displaying a business-like attitude in their approach

The researchers concluded that in order for fundraisers to maximise

their effectiveness in engaging billionaire donors they should:

- Target those with newly acquired fortunes, rather than heirs of dynasties
- Develop a detailed 'business plan' clearly pointing out the objectives behind any 'giving' and set out the means to achieve these

By May 2014, The Giving Pledge had 127 families from 12 different countries signed up, with the average age of donors being 69. The oldest pledger is David Rockefeller Sr, aged 99, and the youngest at 30 - co-founders of Facebook - Mark Zuckerberg and Dustin Moskovitz.

The study authors, Dr Tonin, Dr Michael Vlassopoulos and Jana Sadeh, performed a textual analysis of the pledgers' letters and classified the expressed motivations for their 'giving' into ten categories. These include the usual motives that have been associated with prosocial behaviour, such as the desire to make an impact, or the joy one derives from giving. They also considered additional motives, such as, the desire to dispense family wealth so as not to spoil one's heirs, the desire to leave a legacy and provide an example to others, or the sense of moral obligation to share wealth.

Dr Tonin comments: "The philanthropic activities of extremely rich individuals, such as, Andrew Carnegie, John Rockefeller and more recently Bill and Melinda Gates, have not only benefitted many people and causes, but have also inspired new generations of philanthropists.

"We feel this report gives a valuable insight into the motivations behind the 'giving' behaviour of the very rich, which will prove very useful for charitable organisations and fundraisers."

Provided by University of Southampton

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