

**“Investigating Differences in Charitable Motivations of the Ultra-Wealthy”**

An Honors Thesis

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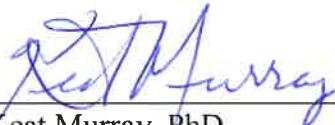
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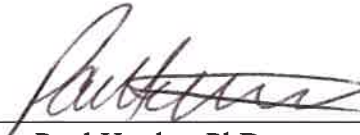
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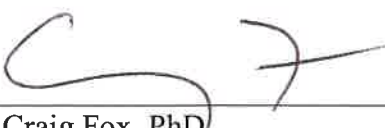
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# DIFFERENCES IN CHARITABLE MOTIVATIONS

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## DIFFERENCES IN CHARITABLE MOTIVATIONS

### **Abstract**

This study aims to discover whether there is a difference in philanthropy between billionaires who made their own wealth and billionaires who inherited their wealth by testing the applicability of an earlier statistical model from previous research. Two samples of billionaires from the 2019 Forbes 400 list were used, one sample of the top 100 and another of a random 100. Forbes's self-made scores were used to measure the degree to which each billionaire made their own wealth. Two different variables in separate tests were used to measure philanthropy: Forbes's philanthropy score and impact investor designation. ANOVA and Pearson's  $r$  statistic tests were used. Only the top 100 sample when using philanthropy score to measure philanthropy showed a difference in charitable giving between billionaires with inherited wealth and those with self-made wealth. As a secondary finding, the results indicated that the billionaires in the top 100 sample were more philanthropic than the billionaires in the random sample. This study has implications for future research on factors that influence the charitability of billionaires, including source of wealth and political and social costs. Research on charitable motivations of ultra-wealthy individuals is important because it helps not-for-profit organizations understand how to appeal to these individuals for donations.

## **Introduction**

An ultra-high net-worth individual (IHNWI), or ultra-wealthy for short, is an individual who possesses assets of at least \$30 million (Kenton, 2019). These individuals on average donate \$25 million to charity during their lifetimes (Kenton, 2019). While for many of these individuals, especially those qualifying as billionaires, \$25 million may only be a fraction of their total wealth, it would be a groundbreaking amount to a not-for-profit organization. Thus, it is important for not-for-profits to understand how to target these individuals for donations.

Categorizing ultra-wealthy individuals can be helpful for understanding their motivations to donate to charity, as not every ultra-wealthy individual is the same. One way to categorize these individuals is by the source of their wealth. The Forbes 400 list of wealthiest Americans is made up entirely of ultra-wealthy individuals, as each person on the list is a billionaire (Kroll & Dolan, 2019). Forbes assigns these billionaires rankings to indicate the degree to which they made their own wealth (the self-made score) and how philanthropic they are (the philanthropy score). Using the 2014 Forbes 400 list, Columbia Southern University and University of Phoenix professor J. Phillip Harris studied the relationship between these two scores and found that self-made billionaires are more likely to donate to charity than billionaires who inherited their wealth (Harris, 2016). The current study examines the charitability of billionaires from the 2019 Forbes 400 list and discusses how the results align with prior literature.

## Literature Review

### Charity as a Means to Ameliorate Wealth Inequality

Charity is seen by many as a means of ameliorating the issue of wealth inequality. Dees (2012) explains, “By encouraging charity, societies draw on private resources in a voluntary way, making those resources more productive for the common wealth. Since resources and capabilities are not evenly distributed, it can be a net gain to society when those with more share with those who have less” (p. 323). The status of wealth inequality in the United States is especially distressing; in 2018, the wealthiest 10% of Americans held about 70% of total household wealth in America, while the bottom 50% of Americans shared about 1% of wealth (da Costa, 2019). Much of the severity of this gap may be linked to the fact that the United States has far more billionaires than any other country; a rounded average from the 2001, 2002, and 2003 Forbes 400 lists shows that the United States had about 230 billionaires during this period, while Germany, the country with the second most billionaires, had only 32 (Neumayer, 2004). As of October 2019, Forbes reported that America’s number of billionaires had climbed to 621 (Kroll & Dolan, 2019).

For these ultra-wealthy Americans, charity presents itself as a way to redistribute a small portion of their wealth to those Americans in the bottom 50%, without having to relinquish their status as the wealthiest. Neumayer (2004) found that a greater guarantee of private property is positively correlated with the ability to accumulate a massive amount of wealth, while a communist or socialist dictatorship is negatively correlated with this ability. However, government intervention, such as through social and welfare programs, does not have a significant effect on the ability to accumulate wealth. Forbes

reported that 66.5% of American billionaires qualify as self-made (Forbes Press Releases, 2019), so it is possible that many current billionaires had to rely on government-led social programs for financial assistance before they built their wealth. Thus, charity presents a way for U.S. billionaires to support programs that may have at one point supported them, and possibly even to support the development of future billionaires.

### **The Wealthy's Dominance of Philanthropy**

The wealthy disproportionately influence charity. Families who have wealth totaling one million dollars or more make up only 7% of households in the world but represent 50% of charitable contributions nationwide (Havens, O'Herlihy, & Schervish, 2006). The wealthy not only influence charity through overall amounts given "but also because their public status makes their behavior an example for others to follow" (Coupe & Monteiro, 2016, p. 751). For example, Microsoft founder and billionaire Bill Gates has been heavily involved in education reform and other philanthropic causes through the Bill and Melinda Gates Foundation (Bosworth, 2011).

The philanthropy of the wealthy has been a target of criticism. The wealthy's giving patterns have been called "lumpy," referring to the tendency of the wealthy to donate large but infrequent sums. Havens, O'Herlihy, and Schervish (2006) explain that "their donations are often large enough to add a noticeable amount to the total charitable donations for the year, bulging the distributions of giving by income, wealth, and other demographic characteristics" (p. 563). These sporadic donations can lead some to the conclusion that the wealthy donate more so for recognition of their apparent generosity, with less concern for the actual philanthropic efforts their donation will support. Dees (2012) expands on this criticism, explaining how oftentimes charity actually prolongs the



issues it purportedly aims to resolve by “hurting or demeaning those it was intended to serve, robbing them of dignity or making them dependent in unhealthy ways” (p. 328). Dees cites, among others, food relief in southern Sudan which removed Sudan farmers’ incentive to work, and the Muscular Dystrophy Association which was criticized by people with muscular dystrophy for its framing of them “as objects of pity” (p. 329). Dees also argues that philanthropists may be motivated to perpetuate the problems they aim to solve for the purpose of maintaining a philanthropic image. He cites Christopher Hitchens’ criticism of Mother Teresa, whom he believed “help[ed] the poor to accept their lot” rather than relieving their suffering. This notion is revealed in Mother Teresa’s comment: “I think it is very beautiful for the poor to accept their lot, to share it with the passion of Christ. I think the world I being much helped by the suffering of poor people” (Dees, 2012, p. 327). Dees extends this concept of perpetuating social issues for the benefit of one’s image to wealthy philanthropists who donate in “lumps” to maintain their appearance of generosity without solving the problem enough that their charity is no longer needed.

Bosworth (2011) also criticizes the philanthropic efforts of the wealthy, pointing out how wealthy leaders who have proven to be successful in the business world are often allowed to become leaders in the philanthropic sphere without being held to the same standards as in the for-profit sphere. Bosworth cites Bill Gates and the Bill and Melinda Gates Foundation (BMGF) as an example of the detriment of billionaires dominating philanthropy. For one, Bosworth mentions how the BMGF’s dominance in the areas of malaria research and education reform stifled philanthropic efforts from other organizations and suppressed diversity of research and ideas. Bosworth also explains how

“the BMGF’s performance as an effective agent of social betterment has been mixed at best,” citing the dismal results of its small school and charter school projects (p. 386). Bosworth concludes that wealthy philanthropists often fail in their efforts because “they refuse to review the broader social impact of the economic system that has been providing their own excessive compensation” and attempt to solve social ills using the same capitalist system that caused them (p. 387). In Bill Gate’s case, this refers to his refusal to acknowledge poverty as one of the biggest causes of poor academic performance. Barwise and Liebow (2019) argue that philanthropy led by the rich leads to unintended consequences, with decisions that affect many being left in the hands of the wealthy few.

Tax benefits can also motivate wealthy philanthropists in ways that distract from their philanthropic motivations. Barwise and Liebow (2019) note that Michael Bloomberg’s \$1.8 billion donation to Johns Hopkins University resulted in federal tax savings of \$600 million. The authors argue that the huge tax savings caused by sizable charitable donations such as this significantly diminish federal and state governments’ tax revenues and thus their ability to improve social issues (Barwise & Liebow, 2019). Duquette (2019) discusses tax motivations of the wealthy and their consequences in his analysis of the history of the U.S. charitable contribution deduction. He argues that the charitable deduction was created to disproportionately benefit wealthy Americans to encourage them to fund public services; this ultimately benefitted the federal government, as it saved money on services that were being financed by the rich. However, Duquette argues that this motive is no longer relevant, as philanthropy today is characterized by

“foundations with ulterior motives of corporate control and tax avoidance” (2019, p. 578).

While the charity of the wealthy has been the target of much criticism, they continue to be responsible for the majority of charitable giving nationwide. In a nation like the United States, which boasts over 600 billionaires and an ever-widening wealth gap, it is increasingly important for non-profit organizations to understand how to target wealthy donors.

### **Charitable Motivations of the Ultra-Wealthy**

As previously discussed, charity is a way for wealthy people to redistribute their wealth and possibly to support philanthropic programs that once supported them. A survey completed by Indiana University, in a study of the wealthiest three percent of Americans, identified additional common motivations for donating, with the top three being “to meet critical needs,” “to give back to society,” and “to give to those less fortunate” (“Giving back” major motivation for wealthy donors, 2007). Although these reasons are likely to be common among anyone who donates to charity, the charitable behavior of the wealthy has been found to differ from the majority in terms of what causes they donate to. While religion is the cause that receives the most donations overall, the causes that the wealthy favor are education, human services, and arts and culture, in that order (Havens, O’Herlihy, & Schervish, 2006). The fact that education takes priority among rich philanthropists aligns with the idea that the wealthy donate to programs that they themselves have benefitted from, as “in almost all cases, wealth holders have derived a great deal of their wealth from their education” (Havens, O’Herlihy, & Schervish, 2006, p. 560).

### **Differences in Giving Due to Source of Wealth**

Wealth composition has been identified as an influence of charitable behavior. James and Baker (2012), using data from the U.S. 2006 Health and Retirement Study, found that “as the share of net worth held in homeownership is higher, the propensity to give is lower” (p. 28). This shows that while the amount of wealth has the greatest influence, there are other factors that also affect a person’s likelihood to donate, such as the source and composition of wealth. Havens, O’Herlihy, and Schervish (2006) explain that “decades of research indicate that higher levels of charitable giving are positively associated with...higher proportion of earned wealth versus inherited wealth” (p. 545), citing a study that found that donors are up to six times more likely to donate earned wealth over inherited wealth. Similarly, a preliminary study from Indiana University surveyed the year 2000 giving of over 7,300 family units and tentatively confirmed that non-inherited wealth is much more likely to be donated to charity than inherited wealth (Steinberg, Wilhelm, Rooney, & Brown, 2002).

The influence of the source of wealth on likelihood to donate is especially important when considering billionaires, as these ultra-wealthy individuals make up the majority of donations worldwide. A study completed in 2015 by Coupe and Monteiro compared the donation patterns of billionaires who inherited their wealth and billionaires who made their own wealth, using Forbes’ classification system to distinguish between the billionaires’ sources of wealth. In particular, the researchers examined whether each billionaire had signed the Giving Pledge, a pledge to donate at least 50% of one’s wealth during one’s life; whether each billionaire appeared on the Philanthropy 50 list, a list of people who donated the most to charity in a given year; and whether each billionaire

appeared on the Million Dollar List, a list of people who have donated at least \$1 million since 2000. Coupe and Monteiro concluded that self-made billionaires are not only more likely to donate than billionaires with inherited wealth, but they also donate more money on average. These results stood true even after the researchers controlled for various factors that influence charitability, such as marriage status or age. The researchers also concluded that possible reasons for this difference in charitability are that self-made billionaires are more likely to have interpersonal connections that facilitate donating, and they are more likely to spend on big ticket items in general, such as yachts or expensive art.

Harris (2016) came to a similar conclusion while analyzing data from Forbes about the philanthropy of billionaires. Harris analyzed the top 100 individuals from the 2014 Forbes 400 list of wealthiest Americans. Using data from Forbes, Harris compared the differences in philanthropy between self-made billionaires and billionaires with inherited wealth. The researcher concluded that self-made billionaires did donate more than billionaires with inherited wealth. This difference could be explained by the hypothesis that billionaires are motivated to give back to causes that they have personally benefitted from; in his conclusion, Harris theorizes that “often [self-made] entrepreneurs give more to social causes because they come from deprived or disadvantaged conditions” (2016, p. 59).

Coupe and Monteiro (2016) note that even while billionaires are responsible for the majority of overall giving, there is not enough literature examining their charitable behavior, as most studies have focused on charitable behavior of a smaller magnitude.

Harris (2016) also notes that the link between entrepreneurship, something many self-made billionaires have engaged in, and philanthropy needs further researched.

### Methodology

This study uses the 2019 Forbes 400 list of richest Americans (Kroll & Dolan, 2019) to compare charitable giving between billionaires considered by Forbes to have self-made wealth and those considered to have inherited wealth. Consistent with prior literature, the top 100 wealthiest billionaires on the Forbes 400 list were chosen as the sample. Additionally, for purposes of comparison, a second sample was chosen using Excel's random number generator. 47 billionaires were excluded because their philanthropic data was not available on the Forbes website. To measure source of wealth, Forbes' self-made score was used, which is a score from 1 to 10 based on the billionaires' upbringings (Kroll, 2018). Table 1 shows Forbes' breakdown of the self-made scores.

**Table 1**

*Forbes' Self-Made Scores*

<b>Score</b>	<b>Explanation</b>	<b>Example</b>
1	Inherited fortune but not working to increase it	Pauline MacMillan Keinath
2	Inherited fortune and has a role managing it	Laurene Powell Jobs
3	Inherited fortune and helping to increase it marginally	Penny Pritzker
4	Inherited fortune and increasing it in a meaningful way	Henry Ross Perot Jr.
5	Inherited small or medium-size business and made it into a ten-digit fortune	George Kaiser
6	Hired or hands-off investor who didn't create the business	Meg Whitman
7	Self-made who got a head start from wealthy parents and moneyed background	Chase Coleman

8	Self-made who came from a middle- or upper-middle-class background	Mark Zuckerberg
9	Self-made who came from a largely working-class background; rose from little or nothing	Haim Saban
10	Self-made who not only grew up poor but also overcame significant obstacles	Oprah Winfrey

Forbes presents two measurements of the philanthropy of billionaires. This study included both of these measures to determine if any significant difference exists between the two. The first measurement is designation as an impact investor, which Forbes uses to denote investments that “not only make money but have a measurable, positive social or environmental impact” (Forbes Wealth Team, 2018). The second source is philanthropy score, a ranking from 1 to 5 based on each billionaire’s lifetime giving amount and percentage given of total wealth (Cam, 2018). This score was not introduced until 2018, so Harris (2016) could not have included it in his study, but it was used for this study because it represents a more comprehensive view of philanthropic giving than the impact investor designation.

The philanthropy scores were determined to have a normal, bell-shaped distribution in both sets of data, as shown in Figures 1 and 2. Normal distribution was not tested for impact investor status, as there were only two groups for this variable: a billionaire could either be an impact investor or not.

The randomly chosen sample and the sample of the top 100 billionaires both had similar distributions of self-made and inherited billionaires. The random sample contained 68% self-made and 32% inherited, while the top 100 sample contained 70%

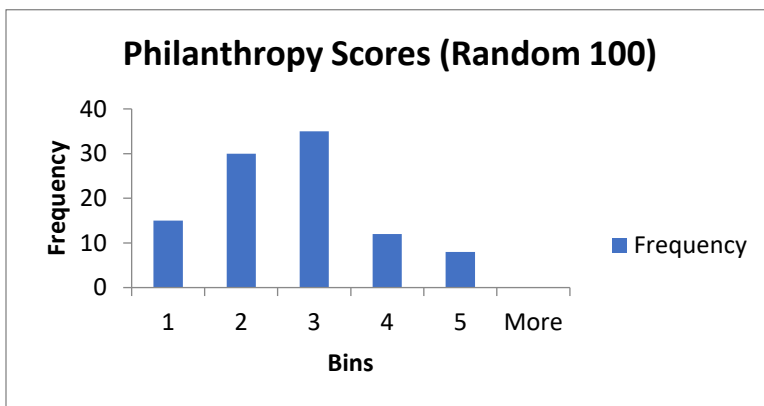


self-made and 30% inherited. These distributions are similar to the distribution of the entire list, which is 66.5% self-made and 33.5% inherited (Forbes Press Releases, 2019).

The average philanthropy score for the entire list is 2.65. The random sample had a similar average philanthropy score of 2.68, while the top 100 sample had a higher average of 3.17. The average net worth of the entire list is \$7.4 billion (Kroll & Dolan, 2019). Similarly, the average net worth of the random sample is \$7.3 billion, while the average net worth of the top 100 sample is \$18 billion. Full samples are available in the Appendix.

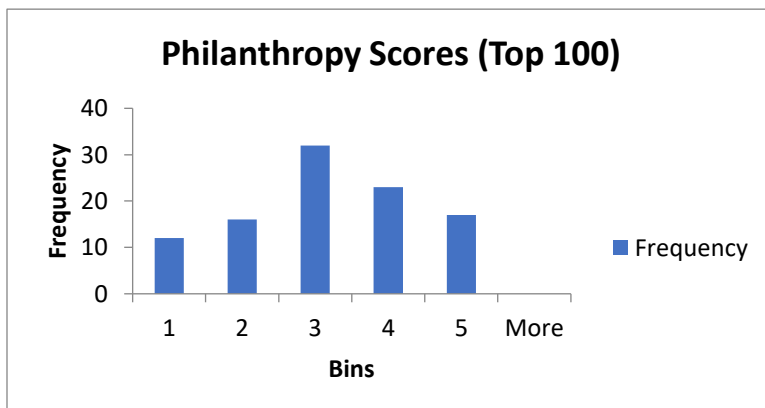
**Figure 1**

*Random 100 Histogram of Philanthropy Scores*



**Figure 2**

*Top 100 Histogram of Philanthropy Scores*



SPSS was used for all statistical analysis. First, each sample was tested using ANOVA. Self-made score was used as the independent variable. In the first test, philanthropy score was used as the dependent variable, with impact investor status as the dependent variable in the second run. The null hypothesis was that there is no difference in philanthropy between self-made and inherited billionaires. The alternative hypothesis was that there is a difference in philanthropy between self-made and inherited billionaires. Pearson's  $r$  was also run with each sample. The following recommendations were used to interpret the Pearson correlation coefficients (Laerd Statistics).

**Table 2**

*Guidelines for Interpreting Pearson Correlation Coefficient*

Strength of Association	Coefficient, $r$	
	Positive	Negative
Small	.1 to .3	-0.1 to -0.3
Medium	.3 to .5	-0.3 to -0.5
Large	.5 to 1.0	-0.5 to -1.0

## Data and Analysis

### Random Sample Results

#### *Philanthropy Score*

**Table 3**

*ANOVA Results for Random Sample Using Philanthropy Score as Dependent Variable*

<b>ANOVA</b>					
Philanthropy_Score					
	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	14.480	9	1.609	1.325	.235
Within Groups	109.280	90	1.214		
Total	123.760	99			

**Table 4**

*Pearson's r Results for Random Sample Using Philanthropy Score*

<b>Correlations</b>			
		Philanthropy_Score	Self_Made_Score
Philanthropy_Score	Pearson Correlation	1	.136
	Sig. (2-tailed)		.177
	Sum of Squares and Cross-products	123.760	42.320
	Covariance	1.250	.427
	N	100	100
Self_Made_Score	Pearson Correlation	.136	1
	Sig. (2-tailed)	.177	
	Sum of Squares and Cross-products	42.320	780.990
	Covariance	.427	7.889
	N	100	100

A 95% confidence interval was used for ANOVA, consistent with prior literature (Harris, 2016). ANOVA returned a significance of 0.235, indicating that the null

hypothesis cannot be rejected. The Pearson correlation coefficient of 0.136 indicates no significant correlation between the two variables.

### *Impact Investor Status*

**Table 5**

*ANOVA Results for Random Sample Using Impact Investor Status as Dependent Variable*

<b>ANOVA</b>					
Impact_Investor					
	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	.694	9	.077	1.042	.414
Within Groups	6.666	90	.074		
Total	7.360	99			

**Table 6**

*Pearson's r Results for Random Sample Using Impact Investor Status*

<b>Correlations</b>			
		Self_Made_Score	Impact_Investor
		e	
Self_Made_Score	Pearson Correlation	1	-.067
	Sig. (2-tailed)		.508
	Sum of Squares and Cross-products	780.990	-5.080
	Covariance	7.889	-.051
	N	100	100
Impact_Investor	Pearson Correlation	-.067	1
	Sig. (2-tailed)	.508	
	Sum of Squares and Cross-products	-5.080	7.360
	Covariance	-.051	.074
	N	100	100

Using impact investor status to measure philanthropy returned similar results as using philanthropy score. A significance of 0.414 indicates that the null hypothesis cannot be

rejected. A Pearson correlation coefficient of -0.067 indicates no significant correlation between the variables.

### Top 100 Sample Results

#### *Philanthropy Score*

**Table 7**

*ANOVA Results for Top 100 Sample Using Philanthropy Score as Dependent Variable*

<b>ANOVA</b>					
Philanthropy_Score					
	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	25.996	9	2.888	2.061	.041
Within Groups	126.114	90	1.401		
Total	152.110	99			

**Table 8**

*Pearson's r Results for Top 100 Sample Using Philanthropy Score*

<b>Correlations</b>			
		Philanthropy_Score	Self_Made_Score
Philanthropy_Score	Pearson Correlation	1	.346**
	Sig. (2-tailed)		.000
	Sum of Squares and Cross-products	152.110	119.970
	Covariance	1.536	1.212
	N	100	100
Self_Made_Score	Pearson Correlation	.346**	1
	Sig. (2-tailed)	.000	
	Sum of Squares and Cross-products	119.970	788.190
	Covariance	1.212	7.962
	N	100	100

\*\* . Correlation is significant at the 0.01 level (2-tailed).

ANOVA returned a significance of 0.041. Because this number is less than 0.05, this indicates that in this sample, the null hypothesis can be rejected. A Pearson's correlation coefficient of 0.345 indicates a moderate positive correlation between the variables.

### *Impact Investor Status*

**Table 9**

*ANOVA Results for Top 100 Sample Using Impact Investor Status as Dependent Variable*

<b>ANOVA</b>					
Impact_Investor					
	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	2.007	9	.223	1.500	.160
Within Groups	13.383	90	.149		
Total	15.390	99			

**Table 10**

*Pearson's r Results for Top 100 Sample Using Impact Investor Status*

<b>Correlations</b>			
		Impact_Investor	Self_Made_Score
Impact_Investor	Pearson Correlation	1	-.065
	Sig. (2-tailed)		.518
	N	100	100
Self_Made_Score	Pearson Correlation	-.065	1
	Sig. (2-tailed)	.518	
	N	100	100

The significance of 0.160 indicates that the null hypothesis cannot be rejected for the ANOVA test. The Pearson correlation coefficient of -0.065 indicates no significant correlation between the variables.

### Discussion

The statistical findings reveal that, when using a random sample from the 2019 Forbes 400, there is no significant difference in charitable giving between billionaires who made their own wealth and those who inherited their wealth. When using a sample of the top 100 billionaires from the Forbes list, there is a moderate difference in charitable giving between these two types of billionaires. However, this difference only exists when utilizing Forbes' philanthropy score to measure charitable giving, rather than utilizing impact investor status. The philanthropy score can be considered a more comprehensive measurement of charitable giving, as it considers both lifetime giving and giving in proportion to overall wealth (Cam, 2018). Thus, the finding from Harris (2016) that self-made wealth has a stronger link to inherited wealth only holds true in 2019 under certain sampling constraints.

This study reveals another interesting issue concerning the charitable giving of the ultra-wealthy when considering the differences between the sample of the 100 wealthiest individuals and the random sample. As discussed in the methodology section, both samples had similar distributions of billionaires with self-made wealth and those with inherited wealth. However, while each sample had a normal distribution of philanthropy scores, each sample skewed slightly in opposite directions. There are more billionaires who earned philanthropy scores of 4 and 5, the two highest possible scores, in the top 100 sample than in the random sample. In the top 100 sample, 40% of the billionaires fall into these top two categories, while only 20% of the random sample do. Additionally, only 27 billionaires received the highest philanthropy score of 5 in the entire Forbes 400 list. 63% of these 27 billionaires are present in the top 100 sample, while only 30% are in the

random sample. This could imply that, even while both samples had similar distributions of self-made scores and both had normal distributions of philanthropy scores, the random sample may not be an accurate representative of the group as a whole. However, this difference could imply that billionaires are more likely to donate when they have more wealth.

This finding has interesting implications for the study of charitable giving of the ultra-wealthy. It is possible that billionaires in the top 100 of the Forbes 400 list donate more because they are the most visible to the public and thus are subject to more scrutiny for their possession of massive wealth. This motivation is comparable to the accounting theory of political cost. The political cost theory hypothesizes that “managers of corporations exposed to regulatory attention have incentives to manage earnings (e.g., by manipulating accounting accruals) in order to reduce the likelihood and/or the amount of these political costs,” political costs being “government-imposed wealth transfers” such as taxes (Makar, Alam, & Pearson, 1996, p. 35). Similarly, ultra-wealthy individuals who are exposed to a great deal of attention may be motivated to avoid costs associated with their wealth, including political costs that could reduce their wealth or social costs that could impact their reputation. The social costs associated with possessing extreme wealth and the subsequent attempts of the ultra-wealthy to justify possession of their wealth have been examined by other researchers. Through interviews of over 100 wealthy American philanthropists, Odendahl (1990) found that wealthy individuals are hesitant to discuss their wealth and often refer to their lifestyles as “comfortable” or “normal.” Additionally, many of the wealthy philanthropists viewed charity as an obligation. In a more recent study, Sherman (2017) interviewed dozens of wealthy individuals, who she describes as



“express[ing] a deep ambivalence about identifying as affluent” (para. 6). Sherman notes that “wealthy people must appear to be worthy of their privilege for that privilege to be seen as legitimate” (para. 19), including how much they donate to charity, but she notes that these judgements ultimately distract us from the systematic issues that allow certain individuals to accumulate more wealth than they could spend in a lifetime. Thus, the ultra-wealthy may feel obligated to engage in philanthropy to justify their massive wealth to the public.

Others have noted that the ultra-wealthy may donate to align themselves with a certain public image, which would be especially appropriate for billionaires in the top 100 who are most visible to the public. Currid-Halkett (2017), professor of public policy at the University of Southern California, coins the phrase “inconspicuous consumption” to contrast with Thorstein Veblen’s “conspicuous consumption” and to refer to the way in which the modern wealthy showcase their wealth through intangible purchases such as education, healthcare, and philanthropy. She argues that Veblen’s concept of “conspicuous consumption,” coined in 1899, is outdated due to the increased accessibility of consumer goods. Thus, for the most publicly visible wealthy individuals, charitable donations can be a way to publicly display their fortunes while simultaneously, as discussed by Odendahl and Sherman, ameliorate guilt associated with the possession of great wealth. Ariely, Bracha, and Meier (2007) found that image motivation trumps even monetary motivation in charitable decisions, while Whillans, Caruso, and Dunn (2017) found that wealthy individuals respond better to charitable requests that emphasize individual impact rather than community impact. Thus, the most visible wealthy individuals may be motivated to donate more than less visible wealthy individuals

because donating establishes their own public image as a philanthropist. Much of the philanthropy of the wealthy aims to make up for shortcomings in governmental programs. Burak (2017) points out that becoming involved in public policy would be a more effective way for such philanthropists to create change, but this strategy would not provide the same image enhancement that donations offer. Dees (2012) notes that the wealthy may be motivated to donate enough that they will be recognized for their contribution, but not enough to remove the need for continued donations and thus continued recognition of the donator. Supporting this, Harbaugh (1998) found that, in a study of publicly available records of donations from charities, donors are inclined to donate at or slightly above the minimum amount necessary to qualify for a certain category.

### **Conclusion**

The things that motivate ultra-wealthy individuals are difficult to determine. Direct surveys and interviews may not fully reveal them, as the wealthy may be hesitant to admit to less-than-altruistic motivations. The motivations behind why the wealthy donate are likely not tied to only a few easily identifiable factors. This study speculates on the importance of a few different possible motivations of the wealthy to donate, including a desire to give back to programs that they have personally benefitted from (in the case of self-made billionaires) and desire to enhance their image or avoid certain political or social costs. The finding that billionaires in the top 100 of the Forbes 400 were more philanthropic than billionaires in the random sample has implications for future research. Future research focusing on the impact of fame or visibility to the public may be useful for not-for-profit organizations as they strategize who and how to target for donations. This study also raises the question of the effectiveness of donations from wealthy private citizens compared to tax-raised money. One limitation of this study is that it assumes that Forbes's data is accurate and reliable. Future research could test for differences in philanthropy between billionaires with self-made and inherited wealth using different data to measure the individuals' philanthropy and degree to which they made their own wealth. Another limitation of this study is that it did not control for demographic variables that may have impacted charitable giving, such as age or marital status. Future studies could analyze this data using a regression-based model in order to control for these types of variables. Overall, this study raises several interesting questions about the charitable behavior of billionaires that have implications for future research.

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## Appendix

## Random Sample

Name	Philanthropy Score	Self-Made Score	Impact Investor*
Larry Page	4	8	0
Jim Walton	4	2	1
Alice Walton	3	1	1
Rob Walton	1	4	0
Michael Dell	4	8	1
Jacqueline Mars	1	2	0
Laurene Powell Jobs & family	5	2	1
Elon Musk	3	8	0
Steve Cohen	3	8	0
Donald Newhouse	2	5	0
Philip Anschutz	5	5	0
Thomas Frist, Jr. & family	2	7	0
John Menard, Jr.	1	9	0
Stewart and Lynda Resnick	3	8	0
George Soros	5	10	1
Micky Arison	3	5	0
Shahid Khan	2	10	0
Richard Kinder	3	8	0
David Green & family	4	10	0
James Goodnight	3	8	0
Edward Johnson, III.	3	5	0
J. Christopher Reyes	3	8	0
Jude Reyes	3	8	0
Patrick Soon-Shiong	3	9	0
Marc Benioff	4	8	1
Katharine Rayner	3	1	0
Margaretta Taylor	3	1	0
Milane Frantz	2	1	0
John Overdeck	3	8	0
David Siegel	2	8	0
Tom Gores	3	8	0
David Sun	2	10	0
John Tu	2	9	0
Bruce Kovner	4	9	0
Henry Samueli	3	9	0
Chase Coleman, III.	2	7	0

Mitchell Rales	5	7	0
Julian Robertson, Jr.	5	8	0
Nathan Blecharczyk	2	8	0
Barry Diller	3	9	0
Jack Dorsey	3	8	0
John Paulson	4	9	0
Eric Smidt	2	10	0
Rupert Johnson, Jr.	3	4	0
Ken Langone	4	9	0
Gwendolyn Sontheim Meyer	1	1	0
Thomas Pritzker	2	4	0
Jerry Speyer	3	8	0
Jon Stryker	4	1	0
H. Fisk Johnson	2	3	0
S. Curtis Johnson	2	1	0
Joe Mansueto	2	8	0
Min Kao & family	2	8	0
Donald Sterling	1	8	0
David Bonderman	2	7	1
Marian Ilitch	3	9	0
Bobby Murphy	2	8	0
Meg Whitman	3	6	0
Jonathan Gray	3	6	0
Randall Rollins	2	3	0
John Sall	3	8	0
Lynsi Snyder	1	3	0
Mary Alice Dorrance Malone	1	2	0
Lynn Schusterman	5	1	0
Charles Simonyi	3	6	0
Arturo Moreno	2	8	0
Romesh T. Wadhvani	3	8	0
Noam Gottesman	3	7	0
David Rubenstein	4	9	0
Richard Sands	2	4	0
Steve Wynn	2	8	0
Thai Lee	1	9	0
Jimmy Haslam	2	3	0
Michael Rubin	1	8	0
Ty Warner	3	10	0
Mortimer Zuckerman	4	8	0
Bennett Dorrance	2	2	0



Eric Lefkofsky	3	8	0
Daniel Loeb	3	7	0
Alan Trefler	2	8	0
Edward DeBartolo, Jr.	3	5	0
Phil Ruffin	1	8	0
Oprah Winfrey	4	10	0
Norman Braman	3	9	0
Daniel Pritzker	2	1	0
Warren Stephens	1	4	0
David Walentas	2	10	0
George Bishop	1	7	0
Doris Fisher	3	7	0
T. Denny Sanford	5	9	0
Evan Williams	3	9	1
Lee Bass	2	4	0
Ben Chestnut	1	8	0
H. Ross Perot, Jr.	2	4	0
Jeffrey Gundlach	2	8	0
Chris Larsen	2	8	0
Chad Richison	1	9	0
Julio Mario Santo Domingo, III.	1	1	0
Ted Turner	5	5	0
Elaine Wynn	3	8	0

\*0 indicates no Impact Investor designation. 1 indicates Impact Investor designation.

### Top 100 Sample

Name	Philanthropy Score	Self-Made Score	Impact Investor*
Jeff Bezos	2	8	0
Bill Gates	5	8	1
Warren Buffett	5	8	0
Mark Zuckerberg	5	8	1
Larry Ellison	4	9	0
Larry Page	4	8	0
Sergey Brin	4	9	0
Michael Bloomberg	5	8	0
Steve Ballmer	4	6	1
Jim Walton	4	2	1
Alice Walton	3	1	1
Rob Walton	1	4	0

Charles Koch	4	5	0
Phil Knight & family	4	8	0
Sheldon Adelson	4	10	0
Michael Dell	4	8	1
Jacqueline Mars	1	2	0
John Mars	2	2	0
Jim Simons	5	8	0
Laurene Powell Jobs & family	5	2	1
Elon Musk	3	8	0
Rupert Murdoch & family	1	5	0
Leonard Lauder	4	5	0
Ray Dalio	4	8	1
Len Blavatnik	3	9	0
Lukas Walton	2	1	1
Stephen Schwarzman	3	8	0
Carl Icahn	4	9	0
Donald Bren	4	8	0
Eric Schmidt	3	6	1
Abigail Johnson	3	3	0
Steve Cohen	3	8	0
Pierre Omidyar	5	8	1
Donald Newhouse	2	5	0
Ken Griffin	4	8	0
David Tepper	3	8	0
Dustin Moskovitz	5	8	1
Philip Anschutz	5	5	0
Thomas Frist, Jr. & family	2	7	0
John Menard, Jr.	1	9	0
Charles Ergen	3	8	0
David Duffield	4	8	0
Gordon Moore	5	8	0
Jan Koum	5	10	0
Andrew Beal	1	8	0
Stanley Kroenke	1	6	0
Jim Kennedy	4	4	0
Blair Parry-Okeden	3	1	0
Hank & Doug Meijer	3	3	0
Stewart and Lynda Resnick	3	8	0
Harold Hamm & family	2	10	0
Jerry Jones	2	8	0
George Soros	5	10	1

Christy Walton	1	1	1
Micky Arison	3	5	0
David Geffen	5	9	0
Shahid Khan	2	10	0
Tom & Judy Love	1	9	0
Leon Black	3	8	0
Ronald Perelman	3	7	0
Charles Schwab	3	8	0
Stephen Ross	4	8	0
John Doerr	2	8	1
Richard Kinder	3	8	0
Ann Walton Kroenke	1	1	0
David Green & family	4	10	0
John Malone	3	8	0
David Shaw	2	8	0
James Goodnight	3	8	0
Herbert Kohler, Jr. & family	1	4	0
Diane Hendricks	2	9	1
Edward Johnson, III.	3	5	0
George Kaiser	5	5	0
Robert Kraft	4	8	0
Steven Rales	3	7	0
Eli Broad	5	9	0
Jim Davis & family	3	8	0
Nancy Walton Laurie	1	1	0
J. Christopher Reyes	3	8	0
Jude Reyes	3	8	0
John A. Sobrato & family	4	7	0
Patrick Soon-Shiong	3	9	0
Israel Englander	3	9	0
Marc Benioff	4	8	1
Daniel Gilbert	4	8	1
James Chambers	3	1	0
Bernard Marcus	5	10	0
Robert Pera	1	8	0
Katharine Rayner	3	1	0
Margaretta Taylor	3	1	0
Dannine Avara	2	1	0
Scott Duncan	2	1	0
Milane Frantz	2	1	0
Ralph Lauren	3	9	0

Dennis Washington	4	10	0
Randa Duncan Williams	2	3	0
George Lucas	5	8	0
John Overdeck	3	8	0
George Roberts	3	8	1
David Siegel	2	8	0

\*0 indicates no Impact Investor designation. 1 indicates Impact Investor designation.