

# There's a huge win when you invest socially

Dame Stephanie Shirley ([www.steveshirley.com](http://www.steveshirley.com))

The relationship between wealth and philanthropy is a subtle one. Aristotle may have described wealth as 'whatever money can buy', but that is not how we view it today. Wealth is not defined in terms of what it can be exchanged for, but rather in absolute money terms. Yet if Bill Gates's wealth lay untouched in a bank and he lived in a hovel, eating bread and beans, he would undoubtedly be poorer than those who use money to buy books and see films, who travel and entertain and, in doing so, live richly.

**A**ristotle forgot what we all know – that there are many kinds of wealth that money cannot buy. A large bank balance is not a mark of achievement. The things that count are those we have earned, done, seen and enjoyed in the course of a life. We need to count what is spent, not what remains. That is why philanthropists give away their money.

Economists seem uncomfortable with the idea of morality. Morals are clear in a business context; acting honestly even when the opposite may be advantageous. Trustees are to be trusted. Managers too have positions of trust in their business. Acting accordingly is their prime moral responsibility. That is why corporates give away money.

The concept of responsible capitalism includes patient capital such as using microfinance to solve societal problems. It is not new, but rather like venture capitalism in investing over longer periods and in its risks. Philanthropy gives meaning to wealth and a voice to the generous, but can also serve to launder celebrity into political power.

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Many people believe that philanthropy is only what wealthy people do when they give serious money. A more meaningful definition would be strategic giving, independent of value.

Most of us are taught as children to share and give. Perhaps as part of family tradition. Many families struggle to make do, but some mega wealthy people want to limit the amount their heirs inherit so as to release them to make their own way. Devout people give to satisfy divine will. Enlightened self-interest is when we give to others and so, indirectly, help



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ourselves; perhaps as insurance – to Age UK for possible future benefit ourselves.

Another example of enlightened self-interest comes as entry into some elite group or event. Or with reputation – to show moral dignity not just our spending power – and achieve ‘fame and good report in this transitory world’. Unfakeable authentic advertising.

We give to things that interest us, places with which we are linked, people we like and find stimulating and who are not sycophantic (wealthy people are surrounded by the less-than-genuine) – all situations where in some ways we get as much as we give.

These drivers contrast with the altruistic ones – ‘it’s the right thing to do’ or ‘giving makes me feel good’. (The positive-psychology movement swears that doing good has fabulous mental health benefits and it’s a scientific fact that brain scans show the pleasure centres in the brain are stimulated when we act unselfishly.) My own giving is some sort of repayment for all that I was given as an unaccompanied child refugee.

Perhaps the motives hardly matter. The fact that people give is the birth right and defining characteristic of the human species. Britain has always had a secretive attitude towards money. In the States ‘even the bad guys give’.

I believe that giving is more of a social and cultural activity than a financial transaction. People give time and skills; people give blood and body parts. Money alone is seldom the answer.

Of course, giving can be a compassionate act of detachment. I try always to make it a committed act of love. I get personally involved so as to ensure that the money I give truly makes a difference; I always use my business and entrepreneurial skills along with my wealth, never, ever just writing a cheque.

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So the giving spectrum stretches from: no reward whatsoever; through acknowledgement, prestige and fun; to tangible returns and a sniff of immorality. Something which chronicles the gift. Such conditionality makes giving into an enforceable contract.

My company took 25 years before it ever paid a dividend but some people have made their wealth

overnight or over year and want their giving to make a difference on similar timescales.

Fiscal policies do much to nurture a culture of philanthropy. It may be driven by tax considerations, but the decision as to timing is always a personal one: before a company goes public; waiving a legacy in favour of a charity; spreading a gift over more than one tax year; to mark a special occasion...

Tactical giving – a bit here and a bit there – is both inefficient and ineffective. Giving is no longer amateur but rather professional.

Our gifts go to things that we know and care about. Perhaps to local projects so that we can really understand what people are doing with our donations. Perhaps further afield. Studies show that women tend to give more to international projects than men do; the diaspora tends to send money ‘home’. Getting the leverage of tax breaks is more complicated when giving outside the UK. But exactly the same principles apply.

The personal return comes when we give with a warm hand – what’s the point of writing gifts into a last Will and Testament? We create our most lasting legacy not in what we leave behind but in the way we live – especially the way we live with money. Success as a human being comes from learning how to give.

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The Quaker Society of Friends gives quietly, usually anonymously. Muslims do not give ‘to charity’ but rather ‘in charity’ to individuals (much more difficult) and – like many Jews – think of giving as a duty, not an option. Giving to someone to help their self-sufficiency is viewed as more valuable than giving which might engender a dependency culture.

All faiths are equally valid givers. The important thing is that they all give – many Christians and others do so by tithe. Sikhs believe in life in three equal dimensions, one of which is giving one’s earnings, talents and time to the less fortunate. Eastern cultures, in particular Buddhism, have philanthropy-like activities where giving is outside what people value and

outside market behaviour; leaving philanthropy as a one-sided exchange.

Governments also make unconditional cash transfers. Nothing beats getting cold hard cash into the hands of poor people. The logic behind much aid is that the donor can do better than the recipients could be enabled to do for themselves.

Philanthropic money is uniquely well placed to provide evidence to government as to what works. But philanthropists do not support activities that are rightly matters for the state.

Why is giving always high on the list of virtues? I guess that's because anyone can do it. We might not be particularly 'moral', we might be partial to a drink too many, have a roving eye, or prefer light reading to philosophy. We may not see ourselves as all that spiritual. But we can all give.

As a normal part of everyday living, philanthropy sits very comfortable alongside both our business and social lives. Engaging others is one of its key qualities. I do not accept the established vision of the world as a vicious jungle where only the fit and selfish survive. But neither is philanthropy totally altruistic. It needs to be balanced between the giver and the receiver. We try to evaluate our contributions to understand what we are getting for our money. Not in the sense of bricks and mortar, but rather in terms of outcome and impact. The impulse to give does not always square with thinking in such a calculated way. The philanthropist who understands what difference a given donation makes to the world, is a philanthropist who will give three, or even thirty-three, times as much.

As Francis Bacon said: 'Money is a great treasure that only increases as you give it away.' It doesn't buy happiness. Worldwide, it has been shown that giving it away makes people happier than when they keep money for themselves. It can ruin people's lives. Unless it is made a pro-social experience.

The return when investing in yourself is negative; there's a huge win when you invest socially – the benefit to other people and also, ultimately, to the donor. When you measure philanthropy against the difference it makes, it's indecent not to help.

As Aristotle wrote: 'To give away money is an easy matter. But to decide to whom to give it and how much and when, for what purpose and how, is neither in every man's power, nor an easy matter.'



**Dame Stephanie Shirley** (82) was the first ever national Ambassador for Philanthropy in 2009/10. Her philanthropy of £67m to date has included £15m to her professional discipline of IT and over £50m to her late son's disorder of autism. Her memoir, *Let IT Go*, was published in 2012.