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Research on the reasons and ways that successful entrepreneurs benefit society

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Abstract:

Successful entrepreneurs such as Warren Buffett and Jack Ma have built thriving businesses and donated a portion of their earnings to charitable organizations that promote education, health care, and the environment. This paper first theoretically explores how successful business people benefit society by making and spending money. Then, this paper takes Chinese listed companies that have generated positive accounting profits in the past three years as samples to explore the relationship between environmental investment and intangible assets of listed companies and empirically verifies whether CEOs increase CSR investment out of strategic motives. Regression results show that when environmental investment increases by 1%, intangible assets of listed companies increase by 0.053%, indicating that CEOs may benefit others strategically to maximize the wealth of stakeholders and increase profits. Therefore, this paper finally draws the conclusion that successful business people not only make a positive contribution to society but also benefit the whole society. They fulfill their social responsibility by supporting global health, development, and sustainability programs, and the modern economy is critical to incentivizing this philanthropy.

Keywords: Successful Entrepreneurs; Making and Spending Money; Benefits.

1. Introduction

Most billion-dollar businesses today aim to maximize profit while also prioritizing societal contributions. In 2023, over 75% of the world's 100 wealthiest entrepreneurs engaged in philanthropy, collectively donating $50 billion (Cha et al., 2023). Many successful business people establish thriving enterprises and allocate part of their income to charitable organizations, advancing education, medicine, and the environment (Leisinger, 2007). For instance, Warren Buffett pledged to donate most of his wealth to charity, primarily through the Gates Foundation. Homoplastically, Jack Ma has invested in the Jack Ma Foundation, which supports various educational and environmental projects. These examples illustrate that many successful entrepreneurs believe in social responsibility and that wealth-sharing impacts society (Dunn and Norton, 2014; Solomon, 2003).

Entrepreneurs benefit others in two significant ways: they create jobs, promote economic growth, and support good causes with their profits (Dees, 2008). By blending theory with empirical evidence, we can examine case studies of business people and accurate world data to understand this impact better. Ultimately, the essay concludes that business people benefit society by making money and how they choose to spend it.

2. How business people benefit others when making or spending money

The most obvious example of how business people benefit others is charitable giving, that is, using the money they earn for social good. As Baird and Henderson(2007) and Gautier and Pache(2015) have documented, entrepreneurs typically spend cash on philanthropic and social investments to improve the company's image for the benefit of future generations. Furthermore, increasing investments in environmental projects are associated with increased investments in intangible assets such as brand reputation and customer loyalty - thus providing the economic incentive to invest more in social causes (Makower, 2011). In particular, the United States has witnessed an increase in charitable giving by some public companies. As shown by Brest and Harvey (2018), in 2012, these companies contributed approximately $15 billion to charitable organizations. By 2022, this figure rose to $20 billion, representing 5 percent of total charitable contributions. The above suggests a positive trend, as it appears that as companies earn more profits, they are also devoting more of their resources to charitable organizations. This additionally benefits companies by enhancing their reputations among those in need. Apple is among the best examples. As Apple's profits increased from $55 billion in 2012 to $100 billion by 2022, so did its philanthropy. Apple donates millions of dollars to education, the environment, and disaster relief. Furthermore, Apple's charitable contributions reflect well on the company with its customers and shareholders, as they support noble causes. Indeed, business people are frequently the driving force behind businesses that are involved in philanthropy, benefiting others when making and spending money.

A second example is Bill Gates, founder of Microsoft. Microsoft continues to grow positively, donating over $1.5 billion in 2022 to various nonprofit organizations to support technology education and global health initiatives. These efforts result in greater customer loyalty and confidence in the company, as well as a positive impact on its image, as Porter et al. (2002) point out. Another example is Walmart, which awarded grants through its foundation to increase access to educational and economic opportunities for those most in need over the past two years. Similarly, Google's rapid growth from $50 billion in 2012 to more than $200 billion today (based on the run rate of total Google revenue in Q1 2015) indicates a bright and promising future they wish to share with those less fortunate, given their consistent campaigns and efforts to promote and benefit social causes alongside that accompanies their economic success. Analogously, the outdoor clothing company Patagonia donates a portion of its profits to environmental charities and serves as a model for how businesses can improve the environment.

To sum up, these leading entrepreneurs exemplify how prosperous individuals can both gain and redistribute wealth effectively. There appears to be a positive and reinforcing relationship between business profits and charitable donations. Entrepreneurs who generate profits are often invited to participate in corporate philanthropy (Cha et al., 2023). This involvement helps them avoid malpractices that can tarnish their reputation and threaten the long-term sustainability of their business. Companies that support good causes receive free marketing from the public and are likely to gain new customers and long-term loyalty from existing customers. Enterprises investing in community projects benefit the local population and improve their relationship with the community (Hall, 2006). Contract transparency fosters a more friendly business environment and allows companies to expand quickly. Furthermore, companies that exhibit socially beneficial attitudes are more likely to attract top talent, and such spillover gains further incentivize companies to repeat this behavior. Therefore, philanthropy becomes part of their self-interested business decision-making.

3. Why are successful business people inclined to benefit others?

Ge and Micelotta (2019), Brown et al. (2006), and Koch(2012) demonstrate that CEOs may be strategically motivated to increase corporate social investment. According to Leisinger and Schmitt (2011), firms can fulfill their social responsibility by improving their environmental investments. Based on the findings of these studies, To verify this hypothesis, this text evaluated the effect of corporate social investment on intangible assets using data from Chinese listed firms that generated positive accounting profits over the past three years. Financial data for these firms was obtained from the China Stock Market & Accounting Research Database (CSMAR).

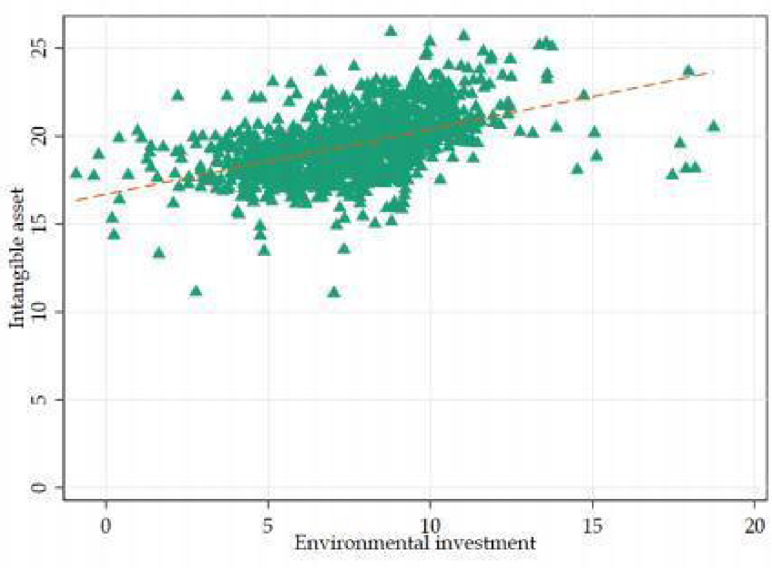

Figure 1: Relationship between Environmental Investments and Intangible Assets for Listed Companies

Therefore, this paper estimates the following specifications for the firm /textit[i] throughout t. ln(Intangible Asseti,t) = β_0 + β_1×ln(Corporate_Investment i,t) + γ_i+λ_t+$\varepsilon_{i,t}$ (1)
where β_0 is the constant, γ_i is a set of firm-fixed effects that capture the firm-specific time-invariant characteristics, and λ_t is a set of year-fixed effects that absorb yearly shocks standard to all the firms. β_1 is the coefficient of interest, which reflects the elasticity of corporate environmental investment over intangible assets. ϵ_i,tis the random disturbance. Similar to the finding of Friedman (2007), Figure 1 illustrates the positive relationship between investment and intangible assets. The results are presented in Table 1. The intangible assets of the listed firm increase by 0.053% when there is an increase in environment investment of 1%. The estimated coefficient is statistically significant at a 1% level, and the magnitude is economically significant. In brief, the results support my hypothesis that CEOs may strategically benefit others to maximize stakeholders' wealth and boost profits.
Additionally, government incentives are often another motivating factor for corporate philanthropy. For instance, governments have implemented policies that reduce the tax burden on enterprises engaged in major charitable activities, thereby encouraging social investments. Strengthening regulations in this area has promoted responsible business practices. Social enterprises addressing social or environmental issues can receive grants or funding from government agencies, enabling businesses to blend profit with societal and ecological benefits. This dual approach suggests that business people can profit from their success and global welfare by leveraging their wealth for positive impact through philanthropy and ethical investments. Consequently, these policies have created a favorable environment for business people to pursue wealth creation and expenditure while maximizing positive social outcomes.
It is worth noting that if a company has a positive public image, it is easier to resolve a crisis and maintain customer trust. Strategic philanthropy aims to maintain this positive image, which is critical to the long-term success of a business. Business decisions must balance conducting charity and business activities, recruiting employees, and managing other factors to prevent unfavorable publicity. This strategy guarantees that the company will continue to progress and thrive in the future (Koehn and Ueng,2010). Hence, business people can be both intrinsically motivated and economically incentivized to benefit others when earning and spending money.

Table 1: The Effect of Corporate Environment Investment on the Firm's Intangible Assets

VARIABLES	Intangible Asset
Environment Investment	0.053***
	(0.018)
Constant	19.162***
	(0.147)
Firm Fixed Effects	Yes
Year Fixed Effects	Yes
Observations	905
R-squared	0.943

4. Conclusion

Based on case studies and empirical data analysis, this paper examines the causes of corporate profits, explores whether successful business people benefit society by making and spending money, and finally finds that businessmen benefit others when they make and spend money. After all, many business leaders are incentivized to give back to their communities by supporting charitable organizations. Many business leaders are motivated to support their communities by supporting charitable organizations. For instance, Bill Gates, founder of Microsoft, and his wife Melinda established the Bill & Melinda Gates Foundation, which focuses on global health and education, significantly combating diseases like malaria and improving educational outcomes in developing countries. Analogously, Warren Buffett, CEO of Berkshire Hathaway, has generously donated much of his wealth to charity. His company has funded numerous healthcare, educational, and poverty reduction initiatives worldwide, illustrating how business magnates can positively impact humanity through philanthropy.
In summary, successful entrepreneurs not only contribute

positively to society but also benefit it as a whole. They fulfill their social responsibility by supporting global health, development, and sustainability initiatives. Examples include the Bill & Melinda Gates Foundation, Warren Buffett's philanthropic commitments, and Patagonia's environmental advocacy. Policies such as tax incentives, ethical business promotion, and support for social entrepreneurship further encourage corporate philanthropy. Engaging in charitable activities enhances their reputation, stabilizes their businesses, and enhances the quality of life for others, facilitating societal development. Ultimately, the critical mechanism that motivates such philanthropic behavior is how the modern economy (institutions, consumers, and producers) are now economically incentivized to behave in such a way. Consequently, they serve a dual role in wealth generation and consumption promotion, thereby benefiting both the economy and society.

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