Literature Review

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The reviews for this issue focus on academic leadership, marketing, and annual giving to higher education.

Fabio Sala (2003), "Leadership in education: effective UK college principals," *Nonprofit Management and Leadership*, 14, 2, pp. 171-89

Leaders in higher education face many challenges and responsibilities in their administrative roles, including accountability for rising costs, and declining enrollment and retention rates. Beyond these financial responsibilities, college leaders are expected to set the tone and vision of their institutions.

In order to fulfill this wide variety of tasks, leaders need to be in command of a variety of skills. Research on academic leaders has suggested a plethora of characteristics related to organizational outcomes. Skills that characterize successful academic leaders include proficiency with technology, leadership training, and scholarly publication. Other studies have found relationships between leadership style and characteristics including gender, age, and years of service. Relationships have also been found between management style and institutional outcomes such as enrollment, institutional culture, and effective campus communication. College leaders have been compared to business executives using

management style inventories.

This study attempted to look at the characteristics of British further education principals—akin to the US community college president—that would point to relationships between managerial style and organizational climate, but also controlled for student and principal background demographics. A significant number of studies have pointed to characteristics of students that contribute to their success in college.

The study population was a sample of 92 principals from British institutions, representing the diversity of further education institutions in Britain. College principals are accountable to the government Learning and Skills Council (LSC) and serve as their institution's chief operating officer. Reporting to the principal are usually at least three assistant/vice principals, who are responsible for curriculum and teaching/learning, finance, and campus resources, such as human resources and student services.

Data was collected using a variety of instruments. Leadership characteristics were examined through the Management Style Inventory and the Organizational Climate Survey.¹ Sala used data collected by the LSC for measures of college performance. The LSC funds further education in Britain and regularly collects data for oversight purposes, including statistics on college retention and classroom attendance. Classroom observations and management evaluations are also performed on a regular basis. The LSC also provides data on college and student background including levels of institutional funding, student economic status, community economic status, student deprivation level, institutional funding per student, the number of students at each institution, the percentage of minority students, and the unemployment rate in the community.

The analysis both confirmed prior research and also suggested some interesting correlations between leadership and student success. First, the study confirmed that there is a relationship between college characteristics, student background, and performance measures. For example, larger colleges retain more students but rate lower in institutional management, classroom management, and attendance.

The principal's managerial style has the greatest impact on student retention and overall institutional management. Leaders who set a long-term vision and direction for their institutions and work

collaboratively are clearly the most effective.

Although teaching seems not to be affected by the principal's management style or organizational climate, climate does have an effect on retention, level of student financial support, overall management, and attendance. The most important climate measures were those related to building a sense of community on campus, institutional planning, and recognition of groups and individuals who have contributed to the college.

Management style also correlated positively with campus climate. There was an interesting variation in this overall finding. Older principals are rated lower in leadership skills but generally rate higher in overall management, student support, and classroom evaluation.

The study suggests that in situations where environment and student demographics are known to impact student success, good management and leadership can compensate for these deficiencies. Campus climate cannot eliminate economic deprivation and unemployment but can mediate these factors, improving student success.

Sala suggests that additional research could provide theoretical grounding for this study, which could then be tested using more sophisticated statistical measures. He also suggests the need for additional studies that examine principals' leadership from the viewpoint of their subordinates and how college size affects both climate and performance.

D. J. Rowley and H. Sherman (2003), "The special challenges of academic leadership," *Management Decision*, 41, 10, pp. 1058-63

Leadership is a necessary component of any supervisory role and also contributes

materially to the achievement of organizational goals. Supervisors range

from the finance officer and registrar to the president of the institution. People are attracted to these positions by perceived extrinsic and intrinsic rewards. This may not be true for faculty members who are thrown into leadership roles, such as a departmental chair. Although most faculty members are trained exclusively to teach and conduct research in their discipline or field, shared governance on campuses demands that faculty members develop the leadership skills needed to guide academic programs. The authors examine the challenges facing departmental leaders and suggest guidelines for facilitating this type of leadership in academic institutions.

The way in which faculty work is organized impacts departmental leadership. Although there is some resemblance between academic departments and other professional workplaces, the autonomy of the faculty in directing their work makes the academic workplace unique. Although decision making is somewhat impacted by this unique circumstance, it is still guided by three fundamental steps: identifying desired outcomes options, evaluating alternatives, and selecting the best alternative (p. 1059).

Department level leadership may be awkward because it is often a temporary responsibility that rotates among department members. A department chair who does not exercise a highly collegial style of leadership may have difficulty returning to normal faculty status at the end of his or her term as chair. Deans, chancellors, and presidents generally aspire to higher levels of institutional goal achievement and their leadership styles may more closely resemble those of business managers/executives. Even they, however, may elect to return to faculty rank at some point in their career.

Faculty instructors generally do not view themselves as administrators. Their view of institutional administration will lie somewhere along a continuum that ranges from gracious acceptance of the resources provided to support teaching and research to all-out resentment of the perceived obstacles placed in the path of their goals. Faculty members may miss out on opportunities to contribute to progress by rejecting opportunities to lead.

Not all academic department responsibilities are specific to higher education. In all venues, problems and opportunities need to be approached with proper attention to planning, organizing a plan of action, and then implementing that plan. Leaders also need to pay attention to style, which should be guided by total honesty and include stakeholders in decision making. Operational tasks such as ordering supplies, scheduling classes, and assigning teaching loads are not qualitatively different from those found in the business world. Department chairs also may need to supervise support staff and assign priorities for tasks.

That is where the similarity ends for an academic department chair. Leadership must take the department toward achieving goals without compromising collegiality. Maintaining collegiality may make it difficult to take controversial stands and make unpopular decisions. Conversely, faculty members may find it difficult to subordinate a position to a colleague turned department chair. Mediating between faculty needs and organizational needs is a political reality on many campuses. In many cases, administrators will lead in such a way that they can exercise the option of returning to the faculty.

Although the traditional view is that academics avoid administrative roles whenever possible and accept only

grudgingly their rotation as department chair, the authors believe that many look forward to being able to contribute to positive change for their departments and institutions through taking on leadership roles.

Rowley and Sherman suggest a few basic ground rules for all departmental administrators. They need to remember that trust is earned through honesty,

fairness, maintaining good relationships with peers and subordinates, and taking responsibility when things go wrong. Liberal application of the Golden Rule and respect for the expertise of colleagues are strongly recommended. Faculty members will more readily accept leadership if they are encouraged to contribute to problem solving, dispute resolution, and setting common goals.

A. Binsardi and F. Ekwulugo (2003), "International marketing of British education: research on the students' perception and the UK market penetration," *Marketing Intelligence & Planning*, 21, 5, pp. 318-27

The UK lags behind the USA in providing higher education to international students, despite recent initiatives to increase its share of the market. Australia, which is ranked third overall, experienced the highest growth—15 percent—in 2000, while the UK achieved only 2 percent growth (p. 318). Continued US and Australian growth in international enrollments is attributed to more aggressive and effective marketing. The purpose of this study is to provide the information needed by the UK to formulate an effective strategic marketing plan.

The authors gathered information from 62 international students on their views of education in the UK related to price, place, promotion, and product variables (p. 320). In addition, they compared respondents across a range of characteristics and looked at data on UK penetration of the international education market compiled by agencies including the Offices of Higher Education Statistics Agency and Department for Education. The study utilized a mixed methodology including surveys, chi-square analysis, interviews, and document analysis.

Students choose to study in the UK for the following reasons (ranked)

1. High educational standards and worldwide reputation for excellence;
 2. Easy admission and immigration procedures;
 3. Ability to find employment both during and after education;
 4. Cost of living, available accommodations, safety, and culture.
- (p. 324)

Respondents said that the best ways to attract more international students were to provide (in order of importance) more financial support (lower tuition and more scholarships), higher quality student services, facilities, technology, contact with alumni, and program promotion. The recommended promotional strategies were—in order of importance—through alumni, other personal contacts (friends and relatives), college and university promotions, websites, the British Council, consulates, and public media (TV and news).

As a marketing intelligence device, the study also serves as a framework for constructing marketing opportunities—

threats audits. Based on the data examined, the authors conclude that declining market penetration is a serious

threat. Unless it is effectively addressed, the UK share of international students will continue to decline.

Mario Martinez and Richard C. Richardson (2003), “A view of the market through studies of policy and governance,” *American Behavioral Scientist*, 46, 7, pp. 883–901

Despite research on higher education as a market, no clear conceptual framework for the US higher education market has been described. That was the purpose of this study. The focus was the subjects of higher education, including constituent groups, organizations, and institutions. This focus was deliberately taken to make it possible to see how subjects affect each other and how the subjects are affected by governance and finance issues in higher education.

Two approaches were used. Existing literature was analyzed to extract market concepts. The literature concepts were synthesized with the results of case studies that linked policy to higher education performance that were previously compiled by Martinez and Richardson.

The literature analysis unearthed concepts from economics, business, and higher education governance that pointed to a prominent market for higher education. The economics literature couched the market in terms of supply and demand, exchange of information, monopoly, regulation, and macroeconomics. Economic theory has been used to study the interaction of students and institutions of higher education. One major conclusion has been that students have impacts on both other students and their institutions and can influence the quality of education at their institutions.

The higher education market has been

discussed in the business literature using concepts such as segmentation and differentiation, competition, productivity, efficiency, and technology. Business theory has suggested that demographic, economic, and technology trends will impact the future of higher education. Other factors will be ongoing reductions in resources available to higher education, and criticism from the public and other funding sources, in contrast to the rising public perception that higher education is a valuable commodity.

The governance literature focuses on tensions—between institutions and the state, between consumers and suppliers of higher education, and between the state and the higher education market.

A common thread in all of the literature is the prominence of the market, which is never adequately defined. The literature analysis infers that the market is a critical factor and that it includes consumers of higher education, the state, and higher education institutions. Consumers are generally defined as students and others directly served by higher education, to whom accountability, quality, and affordability are of critical importance.

The model linking federal and state policy to higher education performance was part of the Alliance for International Higher Education and Policy Studies (p. 888). The authors developed case studies of higher education in New Jersey

and New Mexico. Policy is different in the two states, despite both having state-level coordinating boards. Empirical data was gathered to help the authors become familiar with each state before they interviewed leaders in policy and higher education administration at the state and federal levels.

The conceptual model that came out of the case studies had four major components that described higher education environments. *Policy environments* described the level of involvement of elected officials in state higher education decisions. The *rules of the game* define the balance between state and self regulation that institutions in a state system enjoy. This is defined in part by the number and type of institutions in the state (system design) and also by fiscal policies in force. How higher education professionals respond to the rules of the game that are in play are *system behaviors*. *Performance* is the aggregate of outcomes of a state system (pp. 888-9).

The authors suggest that system behaviors are strongly influenced by the rules of the game and the policy environment. Performance is impacted by system behavior. The rules of the game can be tuned to encourage system behavior that supports public policy priorities or can also encourage the pursuit of higher education initiatives that take place without state intervention.

When the literature concepts and the models are combined, three primary subjects of the higher education market emerge:

- Higher education: institutions, governing boards, associations, and councils concerned with higher education;

- State: legislative policy makers, coordinating boards;
- Consumers: students, parents, businesses, and the local community. (p. 891)

According to Martinez and Richardson, the issue is not whether there is a market but who the subjects are that compose the market and how the subjects interact. Interaction between subjects is controlled by the use of technology, state funding mechanisms, the overall design of the state's higher education system, and communication shared by subjects about their "preferences, priorities, needs, and wants" (p. 895).

The model should not be viewed as static. A "balanced market" exists where no subject dominates; power and influence are equally distributed. Two other likely configurations are the "market monopoly," where higher education is the dominant player, and the "regulated market," where the state is holding the reins (p. 897). However, "it is likely that a balanced market—in which neither state, higher education, nor consumer have the preponderance of power—is most likely to lead to consistent performance across multiple performance indicators" (p. 898).

Martinez and Richardson urge caution in interpreting the results. First, only two state systems out of 50 were examined. State contexts differ as do policy priorities for higher education. Both contexts and priorities can be expected to change over time. Priorities may also be influenced by forces that are outside the control of any of the market subjects. Finally, subject groups are multifaceted with their own unique sets of players. The model does not take into account interaction within subject groups.

R. G. Ehrenberg and C. L. Smith (2003), "The sources and uses of annual giving at selective private research universities and liberal arts colleges," *Economics of Education Review*, 22, pp. 223–35

During fiscal year 2000, approximately \$19.5 billion was donated to institutions of higher education. Half of these dollars went to private research universities and liberal arts colleges. The primary donors to higher education are individuals (alumni, parents, and others), corporations, and foundations, with smaller shares coming from religious organizations, fund-raising consortia, and other organizations. These funds were used primarily for current expenses, capital expenditures, and to build endowment (p. 223).

Research to date has failed to show why there are variations in the level of giving from sources over time and across institutions. The variations in the use of donations over time and institutions have also not been examined. This study uses panel data from 30 private research universities and 30 liberal arts colleges to explain these variations in the sources and uses of donated funds. The data spans the period from 1968–9 to 1998–9.

The importance of various sources and how they fluctuate varies by type of institution. Liberal arts colleges depend on a larger share of alumni contributions than do the private research universities. Conversely, corporations provide more funding to the universities than to the colleges, presumably for support of research. Alumni giving rose for both types of institutions during the time period, while donations from other individuals declined. Corporate and foundation giving fluctuated at both types of institutions.

Uses of donations also varied. Funds going to current operations rose and then fell. Endowment funding remained level

for the first 20 to 25 years and then increased, particularly university endowments. Funding for capital expenditures fluctuated during the entire period.

The authors examine briefly the reasons higher education institutions receive donations. Alumni are motivated by their satisfaction with their educational experience and the desire to give back to their school. Economic resources also determine the level of alumni gifts, as well as the time and effort spent to cultivate the donor. Corporate gifts depend on factors including profits and the relationship that the company has to the college or university. Foundations fund according to a number of parameters including geographic location, program interest, and available distributable income. How an institution deploys its development staff may also have at least a marginal effect on where donations come from. Endowment per student is one way in which institutional wealth is measured. The level of wealth may also affect annual giving. Endowment per student may be high because gifts over time have been allocated to endowment, rather than to other uses. There is also a theory that endowment-rich institutions have an easier time attracting gifts because their ample endowments are an indication of their success.

The authors' observations are based on a series of logarithms that isolated institutional variables including undergraduate degrees in engineering or business, enrollment, endowment per student, research expenditures per faculty member, female undergraduates, and minority undergraduates. In general,

sources are influenced by the relative share of degrees granted in engineering and business, as well as by the size of the institution. Institutions with higher levels of endowment per student receive more gifts from all sources, with the exception of corporate gifts to liberal arts colleges. Faculty research is positively correlated with giving from corporations and foundations at the university level and with gifts from corporations and alumni at the colleges. Universities with higher female enrollments receive fewer dollars from alumni and corporations. Colleges enrolling higher numbers of women receive a larger share of corporate contributions but smaller shares of alumni and foundation gifts. Foundation funding is higher for universities enrolling larger shares of minority students but those institutions receive smaller shares of corporate funding. Having a well developed body of alumni—indicating a long and sustained institutional history—is also correlated with higher levels of giving from alumni. Universities also receive higher levels of corporate and foundation funding.

A similar analysis is presented for the uses of funding. The most significant finding is that endowment per student influences the use of annual gifts.

Although higher endowment per student is associated with greater shares going to all areas, the greatest difference is the share used to fund more endowment. Institutions with a high volume of faculty research devote proportionally more of their gifts to current expenses and less to endowment building. This same trend holds for universities with high enrollments of undergraduate students. Greater shares going to current operations are also apparent in universities with a high ratio of alumni to current students.

Ehrenberg and Smith are most intrigued with the building of endowment by the institutions with existing high endowment per student. Not only do the institutions with the largest endowment per student garner the most annual gifts, they return the highest share of those gifts to endowment. Consequently, barring the possibility of disproportionate spending from endowment or a poor rate of return on investment, the wealth of the wealthiest institutions will continue to grow.

References

1. HayGroup (2002a), *Managerial Styles Technical Manual*, HayGroup, Boston; HayGroup (2002b), *Organizational Climate Technical Manual*, HayGroup, Boston.