Literature Review

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The reviews for this issue cover a variety of topics: information sources for the study of higher education, university endowments, communications and

marketing, advancement efforts of Hispanic Serving Institutions, and service learning from the agency perspective.

Steven Brint (2002), "Data on higher education in the United States," *American Behavioral Scientist*, 45, 10, pp. 1493–522

This review of information sources was part of a two-issue forum on "Resources for Scholarship in the Nonprofit Sector: Studies in the Political Economy of Information," published in *American Behavioral Scientist* (45, 10 and 11). It is an exceptional catalog of research in the areas of institutional characteristics and activities, students and alumni, faculty, institutional administration, and data sets. More than 70 individual resources and ongoing studies are described.

Brint's compendium is especially valuable in the area of ongoing data accumulation and longitudinal studies of populations where the party or organization responsible for the study has changed over time. It provides a path to track down and decode the pesky acronyms of organizations to their institutional affiliation and link the popular name of a study to its current

name and institutional affiliation (e.g., linking 'that study that Astin has been doing for years' to the Higher Education Research Institute (HERI) at UCLA).

The discussion of trends in higher education research takes into account the many groups that have been interested and involved in collecting information, including the federal government, associations, and foundations. Federal government involvement, which began in the 1860s, has focused on special surveys and research projects of the National Research Council and the National Science Foundation. The historic roles of the National Center for Higher Education in the coordination of research have included advocacy, the provision of funding, and data gathering. Philanthropic foundations, Brint feels, have not been overly involved in national studies of higher education. Exceptions to this were

the Carnegie survey of the faculty on 1969 and more recent involvement by the Andrew W. Mellon Foundation and Pew Charitable Trusts. Cultural trends, such as the post-World War II interest in faculty research, and more recent interest in marketing, have also shaped the direction and intensity of data collection.

Overall, the information we have on higher education is strong and there certainly is no shortage of it. In particular, Brint cites adequate information on educational attainment, faculty careers, attitudes of students and faculty, institutional data, studies of campus life, and costs for research and financial aid. Researchers should think twice before proposing additional studies in these areas. This is not true for other areas that Brint feels are ripe for investigation. These would include research on the connection

of higher education to industry, new markets that include vocational and applied arts and sciences as well as mid-career training, changes in teaching and learning attributable to the introduction of technology, and research on institutional governance. Brint also cites two additional areas for consideration. The first area is sociocultural activities, which focus on both the examination of how the American view of general education has changed as well as the compilation of comprehensive data on foundation funding for higher education. The second area of research would be comparative studies of the nonprofit sector using higher education as a model. Existing data on higher education in its public, nonprofit, and for-profit forms could be used to provide depth to nonprofit research.

Donald Frey (2002), "University endowment returns are underspent," *Challenge*, 45, 4, pp. 109–21.

During the 1990s, college and university endowments earned far more than they spent. After adjusting for inflation and factoring in portfolio administration fees, endowments paid out approximately half of what they earned. Frey finds this to be problematic since endowments are supposed to exist "for the benefit of higher education and not as ends in themselves" (p. 110).

He suggests three norms to consider when deciding on a proper spending rate: intergenerational equity (should the future be favored over the present in spending decisions?); the original intent of the donor; and efficiency (whether a higher

rate of return is generated by program spending, or by reinvestment in endowment). There is no historical evidence to support the idea that the future generation will be worse off than the current generation. The cataclysm that would cause such a situation would invariably be accompanied by the collapse of the investment portfolio, eradicating the possibility of being able to benefit the future generation. Even the depression of the 1930s showed that reversals of the trend in constantly rising incomes are temporary. The case for withholding spending for future generations is not supported.

Do donors support conservative endowment spending policies?

Government—as an indirect donor through the charitable deduction—would hardly favor the accumulation of wealth by institutions through the tax incentives it provides to taxpayers. Frey argues that “such an interpretation is so arbitrary and so inconsistent with other social policy that it is easily ruled out” (p. 113), citing the payout requirement for private foundations and the progressive income tax as evidence of government intent. Gifts of buildings—which are temporary compared with endowment—are a popular vehicle with major donors. If donors to annual funds realized that they were actually funding endowment by default—since gifts for current operations reduce the need to draw on endowment income—Frey suggests that they might decide that the institution does not really need their gift. There is little to support the notion that direct donors favor restrictive endowment.

The norm of efficiency dictates that reinvestment in endowment is justified only if the institution cannot produce a higher benefit through spending. Frey maintains that investment in higher education typically generates a higher return than the financial markets. Consequently, an institution that is reinvesting in endowment is demonstrating that it is below average in productivity. Consumption of endowment income at a maximum level without the loss of principal value is truly evidence of efficiency.

If it does not make sense to underspend endowment income, why is it such a

consistent practice? One possibility is that trustees, many of whom come out of business and are not schooled in relevant evaluation measures, link the president's salary to the size of the institution's endowment. Frey maintains that this theory is not logical since the tendency would be to hoard income for maximum endowment growth and this has not happened. The consistency of the 5 percent payout is more likely attributable to a Ford Foundation study in 1969 that suggested the payout rate. A closer look at the report shows that the rate was related to the average yield of prime bonds and was not intended to become the holy writ that set the spending rate for eternity.

Frey suggests that spending all endowment income is the minimum that should be required of institutions. Spending in excess and depleting principal would be better. Frey votes in favor of spending down endowment to fund educational improvements now, citing Adam Smith's notion that the wealthiest universities are the least innovative. Although some might question the legality of this practice, retention of endowment in the past has created a store of ‘quasi-endowment,’ that should not be restricted.

Although “custom and inertia” (p. 118) will prevent such radical changes in spending policies in the near term, institutions should adopt the practice of spending all current income from endowment. How to calculate current income—and Frey suggests a number of scenarios—is legitimately open to interpretation by individual institutions. The goal should be to spend for the benefit of current students.

James W. Peltier, John A. Schibrowsky, and Don E. Schultz (2002), "Leveraging customer information to develop sequential communication strategies: A case study of charitable-giving behavior," *Journal of Advertising Research*, 42, 4, pp. 23-41

Social marketing aims to benefit specific audiences or society at large, rather than focusing on netting profits for the sponsor. Although recent writing on the subject has not emphasized it, social marketing—like consumer marketing—is based upon developing exchanges between buyers and sellers. One specific area of social marketing that would benefit from a reexamination of the exchange function is charitable giving. Although donors are adept at finding organizations to support, loyalty is not long term for many supporters.

The purpose of this research is to bring together the individualized data on exchanges and relationships that are the product of interactive marketing research and the sequential decision-making paths of longitudinal communications research. The authors develop a comprehensive model of donor relationship building that combines data on attitudes and motivations with data on behavior. A special focus is put on examining the sequences of relationship building and the development of loyalty to a cause. Understanding the sequences that build relationships and donor loyalty will make it possible to develop long-term communications practices that will generate donors for the long term. The model was tested in a university setting where behavioral data on donors is available.

Prior research on fund raising elucidates the type of communications pieces or appeals that are necessary to move an

individual from being a prospect to a loyal donor. This type of research generally defines the type of appeal, when it needs to be delivered, and how often. Other research shows the necessity of responding to emotional aspects of communication if you want to build intimate relationships between donors and organizations. A third arena compiles and segments donors by attributes such as attitudes and lifestyle but does not show how these attributes contribute to relationship development that results in a donation. The decision to donate "must not be viewed as a series of independent perceptions and actions but as a set of interrelated processes and determinants" (p. 25). There are currently no studies that elucidate this process.

The model incorporates information about donors such as their beliefs and values, consumer choices, and other lifestyle indicators. This type of data that organizations collect about their donors becomes a rich source of information when integrated with the seven elements of the model (p. 25):

- Donor-organization relationships: donor's personal experience and communications with the university establish and reinforce alumni/alumnae perceptions about educational quality.
- Donor-beneficiary relationships: the decision to donate is sequential. The donor becomes aware of the need, understands the benefits of making a gift, and then decides to give.

- Relationship commitment: donor makes a psychological commitment to be involved with the institution.
- Relationship motivations: donor's decisions and behaviors may be based in altruism, ego, or accountability.
- Category priority: giving to universities becomes a priority of the donor.
- Relationship priority: giving to a specific institution (alma mater) becomes a priority of the donor.
- Relationship outcomes: a donation is made to the institution.

The model was tested on a sample of alumni of a Midwestern university. A survey was mailed to 3,000 alumni using a stratified random sample; 66 percent of the sample population were donors to the institution. The response rate to the survey was 33.7 percent.

There are six significant findings. The communications model that results in donations follows a longitudinal path: the realization that the institution needs and deserves help, that there are benefits derived from helping, and that it is the donor's responsibility to fill the need. Personal perceptions and subsequent communications have an impact on the donor's view of the quality of education delivered by the institution. That perception of quality directly relates to dollars given. The decision process that

results in a donation is sequential, indicating that relationship development is important for donor commitment. Altruism was the most influential relationship motivation in the decision to give to universities overall or to a specific institution. Finally, the amount given is directly related to the priority the donor sets on giving to universities overall and specifically to the alma mater.

Marketers need to understand the sequential nature of the relationship-building/decision-making process. In the donor model presented here, the interplay of variables in sequences of the decision-making process were important and are far more complicated than was implied in previous research. The three most important factors in the donor model prove to be the perception of educational quality, the priority of donating to universities, and the personal priority of donating to a specific institution. Institutions should focus on nurturing alumni donors for the long haul, making sure to keep their donors involved in the institution.

This study is based on a charitable donation and nonprofit recipient model of social marketing. The authors caution that more research and testing should be done before it is applied to other marketing scenarios.

Michael William Mulnix, Randall G. Bowden, and Esther Elena Lopez. (2002), "A brief examination of institutional advancement activities at Hispanic Serving Institutions," *Journal of Hispanic Higher Education*, 1, 2, pp. 174-90

Hispanic Serving Institutions (HSIs) are involved in radically lower levels of fund raising, public relations, alumni affairs, marketing, enrollment management, and government relations than are their mainstream counterparts. Information available from the US Department of Education indicates that both revenues and spending per student are substantially lower at HSIs.

Although Hispanics are the fastest growing population segment in the USA, Hispanic representation and attainment in education is abysmal. As of 1995, the dropout rate for secondary schools was 40 percent for Hispanics, compared with 13 percent for Caucasians. Although college enrollments have climbed steadily, retention and degree attainment at all levels is low for Hispanics. Although HSIs are effective in retention and degree attainment, they currently serve only the undergraduate population.

The situation has not escaped the attention of the federal government. Enrollment and retention concerns were addressed in the 2001 Report on the White House Strategy Session on Improving Student Achievement. Historically, there has been competition for funding between the HSIs and the historically black colleges and universities. The funding gap narrowed in favor of the HSIs in 1999 with the enactment of Title III.

Despite this enactment and the representation of HSIs in Washington by the Hispanic Association of Colleges and

Universities (HACU), federal and state money will not be enough to close retention and attainment gaps for Hispanics. Funding will need to come from corporations, foundations, and alumni. This study set out to determine how high a priority it was for presidents of HSIs to be involved in institutional advancement.

Data was collected using a self-assessment survey that was mailed to the presidents of 250 HSIs that were also members of the Hispanic Association of Colleges and Universities. The results were limited due to a disappointing return rate of 32 percent on the survey. It is, however, a starting point in an area where there is virtually no research.

Presidents of HSIs indicate that they need more resources overall and better strategies to be successful in advancing the causes of their institutions. The survey results show that advancement is a priority for the HSI presidents. Enrollment management is the highest ranked priority but not important enough to warrant the use of consultants, who are used primarily for fund-raising and marketing efforts. Although fund raising, public relations, and marketing are important enough to have warranted the use of consultants, many presidents are not satisfied with the results of their efforts. Alumni relations are also ranked very low in the priorities, which tends to contradict the emphasis on fund raising, marketing, and public relations.

Because of heavy reliance on government funding, many presidents consider it important to have an effective grant writer. The majority of grants applications are within the US Department of Education. Despite the reliance on federal funding, the majority of respondents said they do not have a strong lobbying presence in Washington. Only a minority cite the HACU as their primary lobbying organization.

Endowment is not a major resource available to HSIs. Endowments are small where they exist at all, but what there is shows healthy growth.

The authors suggest future research in three areas. A comparable study to collect a larger sample of data is warranted. Comparison studies between HSIs in the USA and in other countries would also be instructive. Finally, the collection of qualitative data would enhance the value of the survey information.

Andrea Vernon and Lenoar Foster (2002), "Nonprofit agency perspectives of higher education service learning and volunteerism," *Journal of Nonprofit & Public Sector Marketing*, 10, 2, pp. 207–30

Service learning programs in higher education have expanded in the last decade in response to public opinion that colleges and universities have built walls between themselves and their communities. The two major goals of service learning are to help higher education institutions fulfill their civic responsibilities and to encourage civic engagement among students.

Service learning is a formalized component of the curriculum that brings students into service opportunities with community organizations. As a methodology, service learning also utilizes writing and other reflective practices in conjunction with community service.

The body of literature on service learning is extensive in size and scope but the component that examines the impact of service learning on the community organizations is somewhat sparse. The purpose of this study is to look at service learning experience from the standpoint

of what the nonprofit organizations and their clientele are getting out of the arrangement. Information was gathered directly from nonprofit agencies using a collective case study model. Structured interviews were held with 17 individuals in 15 community youth serving organizations. All of the organizations utilize college student volunteers, and a formal relationship exists between a local college or university and the organization. College student volunteers in these organizations also focus on a common purpose—to build esteem among the youth they serve, using activities that include mentoring, tutoring, and coaching.

The findings of the study are organized into four categories, the first being the formal community agency partnership with the academic institution. Agencies prefer to work with institutions that have a well-staffed service learning office in place. Staff turnover in the service

learning unit is seen as an impediment to recruiting student volunteers. Contact with campus units is generally initiated by the community agencies but, on occasion, faculty members take the lead. Arrangements that are informal sometimes lead to awkward situations for agencies, such as when a class of volunteers arrives unannounced at the agency. Agency workers sometimes understand what service learning is and how it functions in the college curriculum but that understanding is certainly not universal. Volunteer coordinators do not always realize that college students are not necessarily available on a consistent basis throughout the semester.

The second category of findings involves the perceived student impact on the agency. Overall, college student volunteers are valued by the agencies and are considered to be a valuable resource in their ability to fill gaps in staffing. They are cited as having high levels of energy and enthusiasm. In particular, the students are considered to be a good age for working with youth clientele. On the negative side, the level of student commitment varies. Breaks in the semester when the student volunteers are not available are hard on the youth with whom they work.

Student volunteer impacts on the youth served are also viewed as positive by agency staff. Since the college students are seen as “cool” (p. 221) by the young clients, they are particularly successful in the programs designed to build self-esteem. Youth who are mentored by college students also improve academically. The college students provide a new perspective for young people who may not have

strong adult role models. There are negative impacts when volunteers drop out, especially at short notice.

Finally, the findings address agency perceptions of how the community views college student volunteers. Three prevalent perceptions cited are that students volunteer because they are required to for course credit, for religious or moral reasons, or because it helps the students feel more like they are a part of the community. Some concern is expressed that there might be a lack of commitment when the only reason to volunteer is the course requirement. Other respondents comment that the projects that student volunteers are involved in do not address the most pressing problems of the youth served. A third issue is that agencies that have had negative experiences with college student volunteers tend to become fixated on those failures. Despite these reservations, agencies feel that the community view is very favorable toward college student volunteers.

Vernon and Foster conclude that agencies appreciate college student volunteers and find them to be an especially valuable resource in working with youth. Because agencies are leery of the uncertain connection between course credit and commitment, campus units need to be proactive in working with agencies so that they understand what service learning is and what motivates college students to volunteer. Service learning units not only need to work to overcome negative associations with agencies but also with faculty to insure that college student volunteers are held accountable to their community commitments.