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GRADUATE COLLEGE

IMPACT OF DONOR MOTIVATIONS AND CHARACTERISTICS ON GIVING TO HIGHER EDUCATION

A Dissertation

SUBMITTED TO THE GRADUATE FACULTY

in partial fulfillment of the requirements for the

degree of

Doctor of Philosophy

By

Ronald Ryamond Ryan
Norman, Oklahoma
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IMPACT OF DONOR CHARACTERISTICS AND MOTIVATIONS
ON GIVING TO HIGHER EDUCATION

A Dissertation APPROVED FOR THE
DEPARTMENT OF EDUCATIONAL LEADERSHIP
AND POLICY STUDIES

BY

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[illegible]

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TABLE OF CONTENTS

LIST OF TABLES vii

ABSTRACT viii

CHAPTER

I. OVERVIEW OF THE STUDY 1

Theoretical Framework of the Study
Purpose of the Study
Significance of the Study

II. REVIEW OF THE LITERATURE 11

Characteristics of donors
Motivations of donors
Theories of giving
Theoretical models of donor giving
Institutions contributing to giving to higher education

III. METHODOLOGY 60

Research Questions
Procedures
Analysis of Results
Limitations

IV. RESULTS 72

Descriptive Statistics
Chi Square
Discriminant Analysis
Model for Donor Giving

V. CONCLUSIONS AND IMPLICATIONS 88

Donor Trends
Significant Variables
Nonsignificant Variables
Recommendations and Theoretical Implications for Further Study

REFERENCES 106

APPENDIX A 113

LIST OF TABLES

Table

1. Summary of Canonical Discriminant Functions

2. Age of Donors and Size of Gifts

3. Marital Status and Size of Gifts

4. Children at Home and Size of Gift

5. Alumni Status and Size of Gift

6. Donor Income and Size of Gift

7. Donor Net-Worth and Size of Gift

8. Population Age

9. Population Income

10. Contributing Households

IMPACT OF DONORS' MOTIVATIONS AND CHARACTERISTICS ON GIVING TO HIGHER EDUCATION

Author: Ronald Raymond Ryan

Major Professor David Tan, Ph.D.

This research used Chi-Square analysis to find the relationships of donor motivation and donor characteristics. Discriminant analysis was also used to differentiate factors pertaining to the size of gift. The subjects in this research were donors who had given to Emporia State University, a mid-sized university in Emporia, Kansas.

The instrument used in the study was based on a search of the literature, primarily from resource theory, marketing theory, and Silberg's Philanthropic Chain of Response Model. A panel of individuals who had fund raising responsibilities reviewed the instrument. A total of 347 donors participated in the study out of 1,000 questionnaires for a response rate of 34.7%. There were several donor motivations and characteristics that were significant.

All factors were deemed to be significant at the .05 level using Chi-Square and Discriminant analysis. The most significant motivation factors were that the donor valued higher education, the donor was satisfied with their college experience, and a belief that the university provided a quality education. Significant donor characteristics were that older donors were more likely to give larger gifts and donors with higher income and net worth gave larger gifts. Income tax considerations and the nor's name or loved ones name were significant in discriminating between large and small gifts.

An unexpected outcome of the research was the relatively low number of non-cash gifts. It would be very useful to expand this study to several universities to create a larger donor base to study factors that determine these different types of gifts. The quality of the institution was rated as very important by the donors in their decision to give.

Recommendations for further study include expanding the study to several universities to examine the factors that are significant for different types of gifts. The quality of the academic institution could also be examined relative to the types of gifts.

DONORS' MOTIVATIONS AND CHARACTERISTICS IMPACT ON GIVING TO HIGHER EDUCATION

CHAPTER 1

OVERVIEW OF THE STUDY

The need for higher education to raise private funds has never been greater. The purpose of this dissertation was to examine the motivations and characteristics of donors so that higher education might tap into the badly needed source of private giving. The research presented some of the circumstances that make it a timely study, reasons for the financial difficulties in higher education, and the history of fund raising in higher education.

For the past ten years, concerns about the financial conditions of higher education took center stage at nearly every college and university in the United States. The crisis was brought about partly by the reduced population of traditional-age students and the continuing decrease in state and federal funding. While many institutions hoped the worst of the trend was behind them, many feared the worst was yet to come. The challenge for many colleges and universities is to assure and maintain student access and academic quality while realizing that tuition revenues, state appropriations, and federal financial support have declined or are not likely to grow significantly in the near future.

The fiscal problems have forced higher education institutions to re-

examine their missions and educational goals and to address some difficult questions. First, institutions are examining issues related to faculty workloads and the best possible way to balance the relationships among teaching, research, and public service. Second, many institutions are also looking at program effectiveness and efficiency, and considering better ways to serve current and future students within the constraints of limited resources. Whatever unique problems institutions may have had, the common factor is that they face an increasingly difficult financial situation in the years ahead. If governmental funding and tuition charges are unlikely to increase, one possible recourse is additional private fund raising.

CONTEXT

The 1990s have turned out to be an extremely difficult financial period for higher education. Student enrollments among the traditional-age college students have declined dramatically after the baby boom era of the 1970s. Most states correctly projected the decline ending in the early to mid' 90s but with relatively little increase for the remainder of the decade (Western Interstate Commission for Higher Education, 1981). The shrinking enrollment of traditional age college students has dramatically increased the need for many institutions to provide more financial aid in order to attract more students and put additional financial pressure on the institutions. Some institutions successfully changed their marketing focus to adult learners and

introduced non-traditional degree-completion programs which increased enrollments and reduced financial pressures. Other institutions were unable to benefit from this segment due to their location or institutional philosophies which continued to emphasize traditional educational programs (Grassmuck, 1990).

Financial problems affecting higher education have been caused by deficits in state budgets. Despite the fact that states spent more than $40.8 billion dollars in 1991 for higher education, the growth rate was at a 30-year low. Many states in the Northeast reduced their funding of higher education by more than 20 percent, with Massachusetts being hit the hardest due to severe recession in that state (Scott, 1990).

The financing of higher education is exacerbated further by the rapid cost increases that have risen faster than the rate of increasing tuition. The average yearly total cost in 1991-92 was $6,036 for a commuter student at public institutions and $13,983 at private institutions (Chronicle of Higher Education, 1993). The growing shortage of faculty members in certain fields resulted in faculty pay that outstripped inflation during the 1980s and led to declining financial positions of colleges and universities. Some academic disciplines enjoyed rapidly increasing student enrollments which increased the demand for faculty within those disciplines. As a result, faculty salaries rose rapidly in order to recruit and retain faculty (Haupton, 1987). Another significant factor contributing to the rapid increase in higher education costs

was the huge amount of deferred maintenance costs, estimated to exceed $70 billion; that money will be needed in the next decade to keep higher education from crumbling to its foundations (Grassmuch, 1990).

Additional funding is a very significant need to bridge the gap between revenue and cost. Without additional fund raising, many educational institutions will be forced to eliminate programs and services. These gaps are most severe for institutions already in a precarious financial condition.

A significant disparity in fund raising ability exists between many private and public institutions. Private gifts, grant and contracts accounted for 3.8 percent of total current-fund revenues at public institutions while private institutions accounted for 8.7 percent in 1992 (Chronicle of Higher Education, 1993). The top fund raising universities have been private universities, with Harvard the leader collecting $195,582,616, which was equivalent to $7,987 per student per year (Chronicle of Higher Education, 1993). Princeton brought in $88,288,317, or $13,901 per student for 1990-91. In contrast, The University of Minnesota, the largest public university, raised $109,131,731, which amounted to $1,493 per student.

Disparity also was found in endowment between public and private institutions. Harvard had the largest endowment as of June 30, 1992, with $5,118,118,000. All of the top 10 institutions in endowments were private institutions, with the exception of The University of Texas and The Texas A&M University systems, which ranked second and tenth respectively.

Since private universities have had considerable success in obtaining gifts, an examination of their successes is essential. The importance of private giving and, more importantly, individual giving was shown by the sources of voluntary support for higher education. Alumni made up the largest contributors with $2,680,000,000, representing 26 percent of total contributions. Other individuals gave $2,310,000,000, accounting for 23 percent. This represented a five-year increase of 47 percent and a one-year increase of 6 percent in 1993.

The importance of private gifts to higher education was emphasized by Shriver (1980) who stated the difference between winning a race and being an also-ran in higher education was often determined by a university's ability to successfully attract donations that improve the quality of programs. This difference also occurs with public higher education where the difference in excellence can often be measured by the success of attracting endowments. Even in public education, the quality of the institution is enhanced by private donors beyond state appropriations and student fees. The reasons or underlying causes which influenced donors to give were important factors to consider in fund raising.

PREVIOUS STUDIES

Research conducted on financial donor behavior can be broken into several categories. The first category of research are those studies which attempt to distinguish between those who donate from those who do not. An

example of this first category included Beeler (1982) who examined demographic and attitudinal variables as those that separated donors from non-donors. Further research in this area was conducted by Burt (1989) who examined the differences between alumni donor and non-donor determination, as did Shadoian (1989). Characteristics and attitudes were examined to predict donors from non-donors at small private colleges in Kansas (Wetta, 1990). All of these researchers identified demographics and attitudes of donors, but not the motivation behind their decision to donate.

The second category of research on donors focused on the institutional setting itself. Examples in this category included Grohar (1989) who focused on variables that predicted donations to higher education . He found the most productive fund raising programs were at institutions which had a full complement of fund-raising functions such as an annual fund drive, prospect and existing donor research, capital giving, and deferred giving. Fund raising peers added insight about successful fund raising programs and institutional development efforts. Lawrence (1991) examined development officers' perceptions of an effective fund raising program. Results of his work demonstrated the importance of a clear mission statement, strong presidential leadership in fund-raising, and well trained development staff. Resource allocation in university fund raising was examined by Lindahl (1990), as it related to donor outcomes. Lindahl recommended a shift from short-term goal fund-raising to long term programs

such as irrevocable trusts or foundation gifts.

The third category of research examined the motivation behind donor behavior. Donor behavior as a resource exchange was examined by Miller (1980). Resource exchange is the exchange of a commodity, service, or favor for a gift--usually cash. Results demonstrated the most preferred exchange was some type of service offered by the institution, perhaps recognition by gifts or plaques with donor names. Information as exchanges for gifts was the second most preferred, as a donor honored in an alumni magazine. Silberg (1990) examined several theoretical models such as Cross's Chain of Responses, Maslow's Hierarchy of Needs and Grunig's Situational Theory to develop her own theoretical model for explaining donor behavior. This model helped explain the relationship between the institution providing the appropriate and necessary information regarding fund-raising needs and the donor reciprocating with the desired gift. When a donor reached the appropriate level level in the hierarchy of needs, a donation was more likely to occur. Further research in the area of exchange included work on social exchange theory as it related to donor behavior. It was used by Brush (1988) to develop his Social Learning Model of Philanthropic Giving Behavior.

UNIQUENESS

The uniqueness of the research in this dissertation is that it focused on not just the different types of gifts, but also on how donor motivation and characteristics related to these different types of gifts. The gifts included

annual fund unrestricted gifts, restricted gifts, capital campaigns, and deferred giving. The research used existing models of donor behavior and donor motivations as well as characteristics from previous research and a pilot qualitative study that examined donor motivation in a doctoral research class.

PURPOSE

This research was an endeavor to gain an understanding of the factors that influenced donors to make contributions to higher education institutions. More specifically, the research provided a profile of higher education donor characteristics and the impact of donor motivation and characteristics on the size and types of donations contributed. The research also examined the relationship between quality perceptions of donors and the size of gifts.

RESEARCH QUESTIONS

1) What was the relationship between donor motivations and the size of the gift?
2) What was the relationship between donor motivations and the types of gifts?

3) What was the relationship between donor characteristics and the size of the gift?

4) How were donor characteristics related to different types of gifts?

5) What was the relationship between different types of gifts and the size of the gift?

6) What was the relationship between the donor's perception of the quality of the institution and the type of gift?

VARIABLES

The dependent variables in this study included the different types of gifts: cash gifts, stocks, real estate and bequests, and the size of the respective gift. The independent variables included donor characteristics and donor motivations. Examples of donor characteristics used included age, income, net worth, education level, marital status, children living at home, alumni, board member, and gender. Examples of donor motivations included feelings of altruism, timing of the request, having a specific vested interest, desiring to affiliate with a group or individual, increasing one's power base, personal gain attained from the organization, receiving tax benefits that accrue from the gift, having a family history of giving, and having religious affiliation to the organization. The variables are known to be linked to the decision to give.

DEFINITION OF TERMS

Annual Fund--An effort of the college to raise private gifts for its current

operation of activities and programs. The annual fund is conducted on a regular and recurring basis each year.

Annual Giving-The yearly scheduled financial support provided by donors in support of an institution.

Capital Campaign--An organized effort to obtain gift support for the institution's top priorities. The capital campaign is a concentrated effort (often massive) by an organization or institution to raise a specified sum of money to meet a specified goal within a specified period of time.

Deferred Giving--A function aimed at attracting deferred gifts through estates and trusts. The results of these efforts may not be seen for many years awaiting the death of the donors or even the death of donors' children or grandchildren.

Donor--A person who makes a gift to a particular college or university.

Donor Motivation--Reasons why individuals give.

Fund Raising--The solicitation of gifts from all sources.

Institutional Advancement- Including communications, public relations, fund raising, and alumni relations of a college or university. Institutional advancement may also be called development.

LIMITATIONS OF THE STUDY

Since this was essentially a case study of only one public university, external validity may be a problem. However, the problem was far outweighed by the potential importance of the responses being generated and by adding

to the literature the experience of one institution. Donor research involves highly sensitive information. Many colleges and universities are extremely protective of donor information. Many donors are reluctant to be identified, or to reveal motives for the donation. These fears resulted in restrictions on how certain questions could be asked, such as requiring income and net worth to be reported in ranges rather than continuously. The information provided was self reported by the respondents who might put their intentions for giving in the best possible light.

CHAPTER II

REVIEW OF THE LITERATURE

HISTORY OF PHILANTHROPY

The beginning of philanthropy can be traced to the early Christian movement. The first four centuries produced an emphasis on and the practice of giving for religious purposes and public benefit. According to Marts (1966) the Christian Church, its leaders, and members were taught that it was better to give than to receive. The poor and neglected were the responsibility of the Christians; they were their brothers' keepers. The decline of the Roman Empire elicited a larger influence by the Christian Church. The religious influence of charitable giving spread to other individuals and institutions in need. The teachings and support of the church helped establish hospitals, orphanages, and homes for the helpless.

The Church also undertook the challenge of education and established the liberal arts education, which included grammar, dialectic, and rhetoric. Marts (1966) described that even the founding and support of the first universities were due to the private initiative and agencies of the Christian Church. University life was modeled after life in the monastery, even though the students were not necessarily members of a monastic order.

The English conscience for creating a better and more noble world

through education and private generosity was the cornerstone for American philanthropy (Woods, 1988). The term philanthropy was introduced by Dr. Jeremy Taylor in 1650. It came from the Greek roots " philo" meaning loved and "anthrops" meaning all humanity and it described the act of gift giving in its purest form (Marts, 1966). This conscientiousness of gift-giving was brought to America as settlers built new lives often based on their English traditions.

Harvard, the first college in the United States, arose from the gift of the Reverend John Harvard in 1634, which consisted of a small estate and library holdings. The gift, however, was small and did not provide enough income to sustain the college. Help came when the Massachusetts Bay Colony sent three clergyman--Thomas Weld, Hugh Peter, and William Hibbin--to solicit money in England for the colony and the college, with the admonition to refrain from any dishonorable begging. While in England, the three men convinced the supporters that the funds would also be used to educate the "heathen natives" in America.

With the return of the three fund raisers and news of their successful efforts, the "New England First Fruits" was published in hopes of arousing interest in potential English donors. This publication was the first American fund-raising brochure. It described the importance of philanthropic support to the college, its needs, and the various academic programs at Harvard.

Most of the early colleges were financially unstable, and the college

presidents were usually required to solicit funds for their institutions' survival. The gifts came in many different forms ranging from cash gifts, estates, gifts of time, and gifts from the land, including crops and materials. Generally, college presidents asked individual donors directly for gifts; however, occasionally they would use the pulpit on Sunday mornings to solicit money from the patrons.

Benefactors of universities such as Elihu Yale, at Yale university and the benefactor of Brown University were critical in helping these young institutions on the American frontier survive their initial financial hardships. Poverty and a lack of sufficient population to sustain growth contributed to the need for outside gifts. Even by 1754, there were fewer than 100 college graduates per year in the United States (Ross,1976). Although these early American universities may not have been popular, there was a strong need for them to provide political, religious, and scientific leaders.

The importance of fund raising eventually called for the services of successful fund raisers like Benjamin Franklin. His strategy was to contact all prospective donors whom he felt confident would give something. Then he contacted any questionable donors and showed them the list of current donors. Finally he contacted those from whom he had little hope of obtaining a donation. Some of these donors usually ended up donating (Marts,1966).

The fund raising need of private higher education became even more important with the Dartmouth case of 1819. It was a landmark in higher

education in America because it clearly delineated private from public colleges. This case made it possible to protect private colleges from public seizure. At the same time, it delineated public colleges from private and established public funding for public institutions, which would require their own fund raising needs as well.

The Land Grants Acts of 1862 and 1890 provided important financial resources to the development of state universities. The Acts made available public lands, and the proceeds of the sale were to establish a permanent endowment for agricultural and mechanical universities. Therefore, both private and public funds were available to public colleges. This dual system of private support and government assistance helped these public colleges through their formative period. The first of the Land Grant colleges was Cornell, named after Ezra Cornell, and his private gifts were as important as public funding.

The period from the mid-1850s to 1900 was the zenith of the industrialization period. The economic growth of this period gave rise to very wealthy individuals, some of whom became very significant benefactors of colleges and universities. Cornell, Hopkins, Rockefeller, Stanford, and Packer were a few of the more important individuals to higher education philanthropy. The presidents at these new institutions actively cultivated these leaders of business--White sought Cornell, Gilmore solicited John Hopkins, and Harper recruited Rockefeller. They not only created new

universities and strengthened existing ones, but they also shaped new curricula and programs. They tended to promote more technical and scientific programs that were more practical in orientation and helped bring the universities to the common person. Ezra Cornell, along with President Andrew White, coined the phrase, "We will teach anything to anyone at the University of Cornell."

The University of Chicago is an excellent example of this period. The old University of Chicago, which was attached to the seminary, closed its doors in 1886 and gave William Rainey Harper, with the assistance of John D. Rockefeller, the opportunity to transform the institution into one of the great universities in a very short time. Rockefeller agreed to establish the university on the condition that the Middle Western Baptist Convention and Chicago businesses assisted in the funding of the institution. The initial gift from Rockefeller amounted to $600,000, and the remaining $400,000 was donated by Baptists and Chicago business people. Rockefeller considered his gift the greatest investment of his life, and he gave millions more after the initial gift.

Stanford University is another example of how a major gift created an outstanding university. The contribution of $20 million came from Leland Stanford's railroad business. The gift was a memorial for Mr. and Mrs. Stanford's deceased son.

The turn of the century produced a philanthropic movement that produced

many public service organizations such as the National Tuberculosis Association, American Cancer Society, Boy Scouts, Girl Scouts, and many others. The need for support of these organizations required more formalized techniques of fund raising (Cutlip, 1965). These new fund-raising practices included the employment of public relations and fund-raising experts, the fund raising drive, and the Community Chest. Cutlip (1965) stated:

> "...With the increasing demands for publicly donated money came equally strong-voiced demands for a system and efficiency in its solicitation. Organization leaders joined with the donors, particularly the bluntly critical businessmen, to echo Rockefeller in urging that "this business of benevolence" be more efficiently organized (p.38)."

The precursor of the modern day fund raising drive was the campaign for the Young Men's Christian Association organized by Charles Summer Ward, Lyman L. Pierce, and William Lawrence. Cutlip (1965) described the whirlwind campaign attempt to raise large sums of money by amassing many volunteers as solicitors from other prospective donors. Ward decided the campaign would be organized annually and last a short period of time each year. This would allow him to perform other responsibilities during the

remainder of the year. In 1902, Pierce attempted to raise $300,000 for a new YMCA building in Washington, D.C. Within two years, he raised $270,000. After contributions began to trickle in, Pierce secured the assistance of Ward to raise the additional money. Ward instituted a pre-drive dinner, recruited prestigious citizens to head committees, used paid advertisements, and set a deadline for the campaign drive. Using these strategies, Pierce was able to solicit the remaining funding.

Cutlip (1965) summarized the modern fund raising campaign, which began with the collaboration of Ward and Pierce. These techniques required careful organization, chosen volunteers motivated by team competition, prestige leaders, powerful publicity, matching gifts, precise record keeping, report meetings, and a preset deadline for the campaign.

The period after World War I marked the emergence of consulting firms that specialized in fund raising . These firms combined individual fund raisers with businesses to meet the needs of colleges, hospitals and other beneficiaries of fund raising. These consulting firms provided structure and resources for fund raising endeavors. They also provided publicity, strategies, counseling, and, in some cases, research.

In 1919, Harvard University decided to raise $10 million for a teachers endowment fund. The University employed the firm of Jones and Duncan which was known for its advertising and solicitation strategies at the time. Cutlip (1965) describes the campaign as follows:

> "... Stag smokers, luncheons, and dinners were staged in every city...Rivalry, a stimulus always exploited by the shrewd fund raiser, was stimulated among the classes of Harvard and among the many Harvard Clubs. Publicity stressed that there was a great need for educated men in all important walks of life and that Harvard was producing educated men of the highest culture (P. 174.)"

Harvard concluded its successful campaign in 1919, raising $14,200,000. That success started the trend of using professional fund raisers.

Individual benefactors were not the only targeted population in raising funds for institutions. Trusts were important sources as well. Benjamin Franklin was recognized for creating one of the first trusts in America. In 1791, he made a bequest of 1,000 pounds to the cities of Boston and Philadelphia to aid young married artificers of good character. This gift established in 1904 the Franklin Union in Boston for $408,000 and in 1908 the Franklin Institute in Philadelphia for $133,000 (Hollis, 1938). In 1829, James Smithson established a trust to increase knowledge to humankind. This gave birth to the Smithsonian Institute in Washington, D.C.

Foundations also played an important part in philanthropy to higher education. A foundation provided a type of philanthropic trust fund or

endowment established independently from a corporation, institution, or university. Usually the foundation was incorporated under the laws of the state and was given non-profit status. Its trustees were responsible for distributing the annual income according to the policies set forth in the foundation's charter (Marts, 1953).

The Peabody Education Fund, established in 1867 by a gift of $3 million by George Peabody, is considered to be the first independent foundation of national prominence in America. The fund was designed to educate the children and youth, both black and white, of the distressed South (Marts, 1953). The Rockefeller Foundation was an example of the growth in foundations in the early 20th century. John D. Rockefeller left the largest part of the family wealth to philanthropy. A sum of $1 million was given to create the General Education Board in 1902. In 1905, an additional $10 million dollars was given for endowment. The purpose of this gift was to promote agricultural, primary, secondary, and medical education in colleges and universities.

In 1910, the Rockefeller Foundation was created. Since Rockefeller's family fortune was derived from sources around the world, the Rockefeller Foundation would provide educational assistance both nationally and internationally (Flexnor, 1952). Marts (1953) noted that three generations of Rockefellers established the Laura Spelman Rockefeller Memorial, the International Education Board, and the Rockefeller Brother Fund.

Another man who provided a great deal of philanthropic initiative was Andrew Carnegie, whose fortune was made from iron and steel. Carnegie supported libraries and laboratories throughout the United States. He also founded the Carnegie Foundation for the Advancement of Teaching. This foundation was instrumental in underwriting a national system of pensions for college professors. He also assisted in the establishment and recognition of several small colleges. By the end of the first three decades of the 20th century, there were 41 foundations. Today, there are more than twenty-two thousand private foundations. Through the generosity of American entrepreneurs, philanthropy has especially benefitted thousands of faculty and millions of students in higher education each year.

Individuals, trusts, and foundations have played an important role in the development of philanthropy, as have corporations. A change in the Internal Revenue Code in 1935, which allowed corporations to deduct up to 5 percent of net income for philanthropic endeavors, was a major incentive in corporate giving. Many business leaders viewed this change as a way to be good corporate citizens and serve the public needs while garnering a positive public image. Corporate support included gifts of cash, land, scholarships, equipment and materials, as well as endowments to colleges.

Many corporations established their own foundations. They were created as non-profit corporations with trustees entrusted to distribute gifts according to the policies outlined in the foundation's charter. Each year, the

stockholders would vote to authorize a percentage of the company's net profit to the foundation to be distributed by the trustees to charitable causes.

Those foundations endowments appreciated in value in the 1950s and 1960s during a period of rapid growth for higher education in the United States. Student enrollments were expanding with the baby boom generation, and a wider segment of the student body had access to higher education. The Cold War and competition with the Soviet Union brought unprecedented levels of federal, state and corporate funding of higher education. The need for national defense, a space exploration program, and a well-educated work force was the impetus for funding from the private and public sectors (Scott, 1983).

One of the largest bequests in philanthropy occurred when the Ford Foundation received a $2 billion inheritance from Henry and Edsel Ford. The foundation targeted this money for higher education in a segment called "Fund for the Advancement of Education." The purpose of the fund was to provide venture capital to stimulate structural innovations in education. In 1955, the Ford Foundation distributed over $500 million to American colleges, medical schools, and hospitals.

The year 1955 was also important because of the emergence of the Council for the Financial Aid to Education. It was founded by a gift from the General Education Board, the Sloan Foundation, the Carnegie Corporation, and the Ford Foundation's Fund for the Advancement of Education. The

purpose of the Council was to broaden corporate participation into large-scale giving. Scott (1983) described the CFAE, whose membership included 16 leading corporate executives and 12 university presidents, as the principal overseer for ensuring the collectivizing corporate attentiveness to its higher education investment. While no direct solicitation of funds for individual institutions occurred, the CFAE advised corporations on procedures and goals for wise investments, especially in the private sector.

The American Association of Fund-Raising Councils has also had a major impact on philanthropy to higher education in America. The organization was formed in 1935 by fund-raising professionals to exchange fund raising ideas and techniques. This group helped individual institutions with their fund-raising campaigns. The organization published "Giving in USA" which detailed statistics of gift sources, gift recipients, and the overall impact of philanthropy in America.

The American Alumni Council and the American College Public Relations Association merged in 1974 and took the new name of the Council for the Advancement and Support of Education (CASE). Institutional advancement in higher education has the responsibility of coordinating the activities of fund-raising, alumni relations and public relations. With the merger of these two organizations, the Council provides services to more than 10,000 advancement professionals. CASE provides information on fund raising, alumni relations, government relations, publications, and public relations. It

has proven to be an important network for advancement professionals.

During the 1970s, enrollment growth slowed while expenditures increased rapidly. This shortfall of necessary funding resulted in many institutions adopting a more structured strategy for fund raising. Many public institutions became more aggressive in soliciting private and corporate giving. By 1978-79, there was a higher dollar amount of voluntary support to public institutions than to private institutions although still lower per student. Significant growth in donations was also made by specialized and professional schools.

Voluntary support for higher education reached $3.23 billion in 1978-79. In 1984-85, the support had grown to $6.32 billion, amounting to an increase of 95.7 percent. By 1989-90 the figure reached $9.8 billion. This figure represented a 10.6 percent compound yearly growth rate for the 11-year period (Chronicle of Higher Education, 1990). Several explanations for this increase included: 1) a relatively stable economy until the early 90s, 2) lower inflation, 3) increased corporate giving, and 4) more structured and aggressive fund raising and development programs.

The nature of support for higher education is interesting to note. The Council for Aid to Education provided sources of information for voluntary support of higher education. This group looked at and compared contributions from alumni, foundations, corporations, and other individual donors. Alumni were found to be the largest contributors. They accounted for

25.9 percent of the total contributions. Other individuals contributed another 22.8 percent. Individuals including alumni and non-alumni contributors accounted for 48.7 percent of the total voluntary support to higher education. Corporations contributed 22 percent of the total voluntary support. Growth rates in contributions also varied within these groups. The alumni had the highest 5-year growth rate with 74 percent, followed by foundations with 63.7 percent. However, corporations had the largest 1-year growth rate of 11.5 percent.

The 1990s have been a decade in which philanthropic efforts became even more important to American higher education. The financial needs require development offices across the country to gain a better understanding of donor motivation and the giving process. The structure of the development office must be reshaped to create an environment that is more conducive to giving. Universities and colleges must invest more resources for extensive research and develop the talents of professional fundraisers. The investment may have significant returns to American higher education, and it may build on the code of ethics pertaining to giving and private support for the betterment of students, faculty, and American society. This research was an attempt to gain a better understanding of donors motivations and characteristic to meet the increased financial need.

PREVIOUS RESEARCH ON PHILANTHROPY

The study of philanthropy has been approached from many different perspectives. This is a topic rich in complexity, involving not only the donors but also institutions and the community in general which impact donor behavior. Because of the different perspectives, the review of the literature was organized into categories: 1) theories or constructs of donor motivation; 2) donor characteristics; 3) institutional characteristics; and 4) the process of giving and its relationship with the university as a learning organization.

DONOR MOTIVATION

Many different explanations have been given for the motivation behind and decision to donate to higher education. Altruism and humanitarianism are two good examples of motivating forces for some individual givers. Ramsberger (1987) believed that giving often involves issues of justice. He believed some giving occurred when the helping of another would provide some type of benefit to the giver. This type of social motivation may occur when the giver thinks that others would judge the giver's action to be helpful and thus benefit the giver.

Also, many psychologists believed that donors may have an ulterior motive for giving. As Andrews (1953) pointed out, most donors have selfish motivation, usually wanting publicity from having their names published on a list of contributors. There are exceptions to this, such as the anonymous

donor. Even the ancient Egyptians believed that giving was important as a way to improve the quality of their afterlife. Their giving and goodness in life would benefit them in their afterlife (Andrews, 1953). An Egyptian proverb describes this belief: "Prayer carries us halfway to God, fasting brings us to the door of his palace, and alms gains us admission" (Andrews, 1953, p. 19.) The Russel Sage Foundation commissioned the National Opinion Research Center at the University of Chicago to conduct interviews about philanthropy. The primary finding was that the willingness to donate was related to two donor characteristics: 1) willing to help organizations which had previously helped them, and 2) fondness for the organization from a previous or existing experience. In fact, the second characteristic was the strongest determinant of gifts larger than $1,000 (Andrews, 1953). Hodgkinson and Weitzman (1986) found similar results. Individuals who had volunteer experience gave more than those who were never affiliated with a given organization. In a more recent study, Hodgkinson and Weitzman (1986) reported a direct relationship between volunteering and the size of the contribution. Those people who volunteered contributed as high as 2.4 percent of their household income while those who did not contributed only 1.3 percent.

O'Connor (1985) also found that previous volunteering or giving was an indicator of future giving behavior. Odendahl (1987) found that wealthy individuals were more likely to become donors if they had volunteered in the organization. As wealthy individuals became increasingly active in an

organization, through volunteering on boards, fund raising activities and other types of volunteer activities, their philanthropic activity increased correspondingly. Thus, for the wealthy the satisfaction of their self-worth became important motivators for charitable giving (Odendahl & Boris, 1986).

Hodgkinson and Weitzman (1986) found that personal solicitation was an important factor in the donation process. They discovered that among donors who had given more than $500 to charity, more than 32 percent did so because they were asked. This percentage increased to over 75 percent when someone they knew well had asked them to contribute. To be sure, about 70 percent of donors felt that personal solicitation was linked to their decision to donate. The easiest donation to get is that given by a previous satisfied donor. The next request is generally positively responded to by the donor, and in fact the donor is more likely to comply with a larger request (Freedman & Fraser,1966).

Another motivation cited for giving is the need of donors to gain social approval, acceptance, or position of importance by association (Andrew, 1953). Donors take pride when their names appear on a list with socially prominent people. Andrews reported that pressures to gain social upward mobility impacted a donor's decision to give. Probably no other factor had a greater influence in determining the type and amount of giving as identified with a social group. While each specific gift is a personal decision, the pattern of giving is largely based on community practices, social pressures,

and the mores of the groups to which the individual belongs.

Donors can be motivated by helping them understand what must be done to help individuals and society said (Panas, 1988) who also thought that providing an opportunity to contribute gives donors personal satisfaction. One of the reasons people gave was to gain membership into a group; they thought that the gift would help them gain acceptance from people already involved in the activity. Along a similar vein, people gave to an institution in order to associate with other members of the group. Panas (1984) found that major donors gave the most to institutions where they have had some official capacity or they served on the board which tended to increase their power and social acceptance.

Maslow's hierarchy of needs states that basic needs have to be satisfied first before the next higher level of need can be achieved. The donor's social need is high on Maslow's view of needs and is a powerful force in philanthropy.

Clearly factors that affect donor behavior are related to economic, social, and psychological factors. Brakely (1980) identified several key conditions which increase the likelihood of a donation: 1) financial capacity to donate, 2) request to donate by the appropriate individual, 3) a sincere desire to help others, 4) identification with an admired organization, 5) satisfaction of a need for a sense of personal power felt through recognition, 6) enjoyment from an organization and wish to support it, 7) social benefits from giving,

8) income and estate tax benefits from contributions, 9) a genuine need to give due to ethical or religious beliefs.

Once the motivation for making a donation was present, it was important to determine when the donor would actually donate. Brakely (1980) and Myers (1988) emphasize the importance of stressing the urgency of the donation as a motivating factor. Funkhouser (1986) concurred with this and emphasized calling attention to the high cost of delaying the gift. He believed that the donors must sense the urgency to give the gift now. It is important to learn about the prospective donor so that specific approaches may be used.

Competition among donors and among communities can be a major motivating factor in the decision to donate. This technique has been very effective for years. Many capital campaigns have exceeded their goal by promoting competition between donors, as William Rainey Harper did so well in the early years at the University of Chicago.

Many donors give money out of gratitude to an institution which had helped them previously. An example of this may be alumni waiting to show their appreciation to their former professors for having introduced or challenged them to their respective careers. This gratitude is a reflection of their desire to repay the favor and to demonstrate their loyalty to the institution. In another example of donor gratitude, a benefactor may have provided a scholarship at a time of need and put the beneficiary in a position to return the favor. Another common example is someone who has benefited

from an activity of the college or university, such as music performances, sports, or plays. People usually do not give as a result of feelings of guilt. The loyalty is lacking when guilt is the only motivator and giving is less likely (Panas,1984).

Another motivator, although not directly related to previous experience at an institution, is the desire to achieve a form of immortality for oneself or a loved one. Recognition, by having the names of the donors or loved ones remembered also can be a primary motivation. These donors are usually interested in sponsoring endowed chairs, buildings, scholarships or programs named after themselves. Stanford University, as an example, was named in memory of the Stanfords' deceased son. The Collegiate School of Connecticut founded in 1701 changed its name to Yale University in 1718 to honor its first major benefactor, Elihu Yale.

Other motivational factors for donations are not based on personal but rather economic reasons. Morgan (1977) cited the Filer Commission Study that examined the impact of taxes on the propensity to give among people with incomes exceeding $50,000. This study indicated that donors were less likely to give if there was no tax advantage in doing so. Those individuals who seriously considered taxes when making donations were usually very wealthy and often used foundations as tax shelters. Odendahl (1987) studied people with incomes exceeding $1 million and found that tax laws did affect donations, especially if the marginal tax rates were lowered; this proved to be

a disincentive to give. However, while taxes were an important discriminant factor in the size of gift, other factors usually were more important in the decision of whether to give.

Morgan (1977) reiterated a previously stated motivator in his abstract of the Filer Commission Study: people give to organizations that have interests similar to their own. Higher income individuals, which he defined as those earning between $30,000 and $200,000, have the effect of peer pressure in the donation process. Donors often felt compelled to follow the lead of peers. They would donate in hope of continuing their membership and status in the group. Morgan also believed reasons for giving included receiving some benefit from the organization, such as being an alumnus of the college or knowing someone in the organization. Family influences also impacted giving. People whose parents had regularly given to charity were also more likely to be contributors.

The other side that should be examined are factors which dissuade potential donors from giving. Several factors affected the decision not to give, including not knowing about the charity, believing the charity did not do its job well or properly, and believing the charity spent too much money on fund raising and administration rather than its primary mission. More than one-third of the respondents wanted more information on how donated money would be allocated. A major mistake was made at Harvard University when a donor made a gift to the School of Business. The gift was not large enough

for the building to be finished so the university decided not to finish the back of the building. The donor was so chagrined that he refused to give additional money, although he had intended to give millions more.

A survey conducted by White (1986) looked at an array of interrelated factors that motivate an individual to make a contribution or to avoid philanthropy altogether. Some of the more important factors listed were age, income, life experience, marital status, and religious involvement. A summation of these findings were:

1) 38% of the donors responding felt they could have given more. The reasons for not giving were primarily that the donors didn't get around to it, even after being asked, but a significant number said they had not been asked to donate.
2) A key to giving was the amount of discretionary income available.
3) There was a strong relationship between giving and being a volunteer. Three-fifths of the donors giving more than $500 per year were volunteers.
4) The most effective fund raising tool was competition among donors, i.e., donors asking each other for donations.

Other researchers such as Schervish, Herman ,and Rhenisch (1986) believed that the amount of wealth shaped both the philanthropic practices of the wealthy in particular and the nature of philanthropy in general. The mere fact that abundant resources existed induced the wealthy to think more

systematically about the disposition of their resources. Some wealthy individuals spent as much time disposing of their income as they did earning it. Wealth allows moving from being simply a consumer of the social agenda to being producer of it through philanthropic activities. Odendahl (1987) found that millionaires often expressed the desire to return some of what they had reaped and to help solve social problems in the community where their fortunes had been made. The payback to society has been a common factor for wealthy donors (Panas, 1984).

The desire for payback has motivated many wealthy individuals to develop foundations to bestow their donations. According to Karl and Katz (1986), there were several reasons for their desire to set up philanthropic foundations. A foundation would ensure the continuity of their lifelong commitment to philanthropic activity long after their death. The foundation would also honor their names or their loved ones.

Others such as Silberg (1990) performed a qualitative study of philanthropic behavior. Using 13 millionaire donors as subjects, Silberg found 12 major and 3 secondary thematic categories associated with major donors. Significant factors associated with these wealthy donors were:

1) Donors felt a sense of obligation to share some of their wealth they have been fortunate enough to accumulate.
2) Major donors give their largest gifts according to their interests in specific causes and issues. Other criteria for their gifts related to

their locality. Donors preferred giving to local organizations that fall within their particular categories of interest.

3) The most effective fund raising technique for acquiring large gifts is the one-on-one approach through peer pressure and personal contact. An important component is "Who asks?" and the person who asks must also have given a contribution equal to or greater than that requested.

4) Donors give to organizations where they are personally involved, often donating substantial gifts.

5) Major donors want to know the leaders of organizations to which they contribute.

6) Individuals who give large contributions to altruistic institutions usually continue to give to those organizations.

7) Major donors are pro-active philanthropists. They actively seek information about organizations that interest them, then base decisions to give using that knowledge.

8) Major donors expect to get something in return for gifts. It may be something as simple as a good feeling or as massive as a building named after them.

9) Major donors expect to receive communication from the organizations to which they contribute. They want feedback on how their money is spent and how the organizations are managed.

10) Major donors investigate organizations that seek substantial contributions. They want to make sure an organization is legitimate, well managed, and effectively spends its funds.

11) Tax laws affect the giving pattern of major donors, although this was not considered a major motivating factor for contributions.

12) Major donors believe their giving is at an appropriate level.

Other factors such as the level of knowledge donors have regarding an institution can influence the level of their philanthropic behavior. Andrews (1953) for example, examined the relationship between knowledge of the organization and the level of the donation. By interviewing donors, Andrews found that donors knew relatively little about the agencies to which they were contributing, except they were knowledgeable in cases where they had served as board members. Many donors obtained their opinions and impressions of institutions primarily from newspapers and by word of mouth. Positive feedback obtained through these sources often led to donations. Andrews also found that the use of friends as solicitors was the best method of fund raising. Friends could positively influence other friends to contribute to the organization.

While Andrews focused on the level of knowledge donors have of their potential beneficiaries, O'Connor (1985) focused his study on the importance of information in the giving process. O'Connor found that people who had been given accurate information about institutions were more likely to

contribute more. Furthermore, the highest percentage of donors were those who had positive feelings about the institution. Not surprisingly, O'Connor discovered that informed donors had more favorable attitudes toward the organization they had chosen to give money. The decision to give however, was determined more by favorable attitudes toward the institution than the level of information they received about the institution. O'Connor found that the level of information was related to the level of giving.

The importance of having information concerning the college available to potential donors was also reinforced by Panas (1984). Panas found that the more generous donors, in terms of the size of their gift, were often those who had prior experience as donors and had been kept informed about the organization and how their donation had been used. It was very unusual for someone to make a significant gift to an organization without having had prior experience as a donor to that organization.

CONSTRUCTS AND THEORIES OF PHILANTHROPY

There are many constructs and theories for examining philanthropy. One theory examined philanthropic behavior from a social-systems approach. It focused on donations as an exchange in which donors gave time, talent, or treasure in exchange for some benefits (Ekeh, 1974). These benefits available to the donors included services, information, or status. The exchange may or may not be acknowledged, but was one that the donor

perceived to have taken place. Exchange theory was also examined by Mauss (1967) but with primitive societies and determined:

1) The exchange process consisted less frequently of economic transactions than of reciprocal gifts.
2) These reciprocal gifts had an important function in the society.
3) The exchange (donation to institution) was not of an individualistic economic character, but an act that has religious, social, political, economic, and other dimensions of significance.

Mauss (1967) believed the motivations for giving were due to civility, community, and friendships. Gift giving in primitive times remained an exchange. Mauss stated that while gifts appeared to be voluntary, disinterested and spontaneous, they were in fact obligatory and interested-- in essence a form of exchange.

Galaskiewicz (1985) developed a theory in which he postulated that gift giving was a direct result of a self-interest based on power dominance relationships. He stated that economists treat gifts as part of a designated exchange process, correlating to the work of the exchange theorists in sociology. An illustration of this theory might be the economist who examined potential donors and evaluated them on how much satisfaction they would derive relative to the amount of resources they were donating. Donors may have contributed based on a belief that they would win political favors later or by accumulating goodwill through their charitable efforts. Galaskiewicz stated

that often the most compelling incentive was the desire to win prestige, respect, or friendship. As long as gifts were perceived to be truly voluntary, without direct benefit to donors, audiences were very likely to applaud donors for their generosity.

Gordon (1978) also conducted research on the exchange theory. He believed that human interaction was an exchange. This theory postulated that when rewards or desired values were available, however delivered, people would strive to achieve these rewards and values through an exchange of transactions. To accomplish this, individuals must calculate the degree of value and the personal cost involved in the attempt to achieve the explicit goal. If the goal outweighed the personal cost involved, then a transaction would likely take place. If the exchange involved a donation, then the donation would be given. Therefore, hedonistic and altruistic values were both included in this theory that attempted to explain motives behind behaviors such as philanthropic behavior.

Etzioni (1988) discounted the concept of exchange theory. He classified this theory as a "neoclassical paradigm" along the lines of utilitarianism, rationalism, and individualism. Etzioni believed that the exchange theorists valued the utility of the gift over other considerations and that the gift was not always based on reason. He considered the exchange theory a monolith, that there was more than one basic motive for utility and that "authentic altruism" was done for reasons other than self-pleasure. His view of society

as a whole was that some things are done out of a sense of duty because it is right, whether or not it enjoys these acts.

Etzioni's views about exchange theory became problematic when he stated that if an action chosen by an individual correlated with a person's moral values, a sense of satisfaction and moral worth would result from the behavior. But he defended his argument against the exchange theory by stating that there is more than one kind of satisfaction, and therefore, a direct or physical exchange did not have to take place to derive the personal satisfaction. An exchange does appear to exist: one of doing right and receiving satisfaction from that action, although this was more of an internal response rather than an external exchange derived from the institution.

Despite Etzoni's arguments, the exchange theory continues to be relied upon as a basis for understanding the donative processes. There is a relationship between the donor's expectations of reciprocity (some type of exchange) and the willingness to give. The concept of reciprocity was approached by Becker (1986) who argued in favor of it in the fund raising effort because of the exchanges of both moral virtue and fundamental virtue. Expectations were among friends, duties of fair play, and obligations of citizenship. All of these expectations were understood as reciprocal. An intricate etiquette for the process and it was interrelated (both in theory and in practice) to prudence, self-interest, altruism, basic human needs, social welfare, rights and obligations, justice and fairness. The mere awareness of a

benefit seemed to generate a sense of obligation to repay.

Other researchers such as Staub (1972) interpreted the exchange process with a slightly different focus. Staub studied the motivational force provided by social institutions, customs, and mores. Also found were social integration, or identification, and acceptance by a community influenced voluntarism or non-economic giving. This was a form of social exchange based on trust and a sense of duty. Others such as Ekeh (1974) believed this motivational force represented a vital part of society and was a major element of donor motivation. The belief in our society of charitable giving to be "good" created a strong motivational force for the donor.

Warner (1975) attributed donor behavior to the norm of social responsibility. This research indicated that people knew the social responsibility norm and its value to society, and then recognized that social responsibility could be demonstrated to others. Reciprocity was the idea that people should help those who have helped them. This norm implied quid pro quo behavior or obligations. Repeated efforts to support this norm were done by DeCharms & Muir (1978) and Greenburg,Block, and Silverman (1971).

Darley and Latane (1968) criticized normative explanations, such as social responsibility and social justice, because they were too general. They believed that people evaluated the potential cost of helping and therefore it was still an exchange . The fact that a particular behavior occurred may not give credence to the normative explanation due to moderating factors. Krebs

(1970) criticized these norms, believing that the danger with normative analysis is that these norms can be invented after the fact to explain almost anything.

Equity Theory

Equity theory was defined as a rule of social justice in which the reception of outcomes is proportional to inputs, a combination of social responsibility and exchange theory. There is a balance between what the donor receives, goods which may be material or non-material and what the recipient receives, usually material goods. Theorists such as Walster (1975) and others viewed a helping activity, such as philanthropy, as an exchange process. This process of giving (input) would result in a benefit (outcome). Donors gave resources in return for respect or recognition. Homans (1961) believed a donor's expected return on an investment was the motivation for behavior. He based his theory of social exchange as that of a maximizing model. Acts of affection and acts impacting social status were resources a donor gained in an exchange as well as tangible rewards such as tax benefits or plaques. A donor evaluated the exchange based on the principle of distributive justice. That concept means each participant in the exchange is treated fairly, where the distribution of received receipts was judged in reference to others.

Equity and social exchange models were criticized on the basis that they failed to recognize a collective or generalized influence from the culture of the donors. The external environment and social culture set norms of behavior that were to be followed.

Generalized exchange depends on the norms, customs, or other social forces that impact donors. The theory was characterized by a lack of immediacy or a specific return by the recipient. Cohen (1972) believed that with socialization a donor would exert helpful behavior because it was socially acceptable and expected.

The concept of social justice has also been examined in regard to philanthropy. Social justice seemed to play a role in the equitable distribution of goods. Lerner (1975) described it as the "Just World" concept. People believed in a just world where what one received corresponded directly with what one deserved. Lerner studied Just World by conducting an experiment on undergraduate students who were asked to read to a blind student for several hours per week. Half of the students were asked to volunteer a few days before midterm exams while the others were to volunteer well before the exam was to be given. Students who were firm Just World believers were much more likely to volunteer prior to the exam. No difference in volunteering occurred between the groups who were asked to read earlier.

The concept of justice may be an alternative to altruism and egoistic behavior. Miller (1980) examined the interaction between social justice and

the perception of what one deserves on donor behavior. The study offered to pay subjects $3 to perform a task. Four experimental situations were present, two opportunities of gain for $2 and $3 and two with a combination of some gain plus the opportunity to help someone in need ($1/1 or $2/1). The subjects were asked to pick from the four opportunities, and more people chose the $2/1 option, indicating a desire for both self-interest and a desire to help. Miller believed when the donor's personal position was threatened, where-by the donor's economic well being would be diminished, the subject's behavior supports a more negative image of man and donor behavior. When subjects were in the perceived threatened state as in the exam situation, there appeared to be little concern regarding the suffering of others. However, a reversal of the value of the "dollar" per session was evident when the subjects had the opportunity to help and preserve a fair exchange at the same time.

The concept of social justice provides a more complex explanation of why donors choose to give. The theory stresses the cognitive process that leads to a decision to help. The concept looks at the egoistic construct "what's right for me," as well as the idealistic "what's right for society and others."

Expectancy Theory

Another theory of donor motivation is expectancy theory. This theory was based on the premise that the strength of actions were dependent on the

expectations of certain consequences occurring as a result of the actions and the value of the consequences to the donor. Bagozzi (1981) in his research with the theory believed the constructs of valence and the relationship between outcomes and action were the important considerations. The theory is non-altruistic unlike the normative approaches such as social justice because of the importance on the value of the outcomes.

Earlier research of the expectancy theory had been dcne by Vroom (1973) who examined the expectancy theory as an industrial psychologist. The original work presented two expectancy models: one which predicted the valence of outcomes, and the other the force toward behavior. The more important the achievement of the goal was to the donor, the more likely the donation would take place. Following up on this research, Mitchel and Albright (1974) found statistically significant results in support of the theory on job satisfaction. The later tests of the valence model proved more significant when the research more closely followed the original Vroom model.

The expectancy theory differed from others in that the unit of analysis was the individual. Outcomes related to situational factors, perceptions, or other non-economic factors. The outcomes may have consisted of all factors that the individuals believed were relevant to their decision to give. This allowed for a theory that was applicable to a wide array of individuals with divergent needs and environments.

Fishbein applied expectancy theory to consumer psychology. He

measured attitude toward an object as a function of beliefs which included strength of the motivation. The behavior intention was a function of attitude toward the behavior and the individual's belief about what should be done and what the motivation should be (Zaltman, 1975). The Fishbein model was supported by Oswald & Napoliello (1974) in an experiment involving the decision of whether or not to donate blood. Donor behavior was correlated with intention to donate (r=.49). The intentions were a function of positive attitudes toward the act and social and moral norms concerning the appropriateness of the behavior (r=.55).

The primary emphasis of the Fishbein model was that attitudes were predictors of behavior. Deutsch (1975) found this linkage to be influenced by three factors. The first were events not under control of the donors. The second factor was the time interval between measurement of attitude and behavior. Finally, the changes in the models attitudinal and normative components over time were considered. In essence, Deutsch postulated that attitudes could be predicted, but the transition of these attitudes to appropriate behaviors was much less predictable.

Resource Theory

Another theory of donor motivation that was examined was resource theory. It looked at exchanges with a slightly different focus. Resource theory examined the influence of resources (objects of exchange) on the

likelihood of exchange. The value of these resources also affected the level of satisfaction arising from the transaction. Foa and Foa (1974) examined the properties of the exchange relationship rather than the process. Resource theory placed an emphasis on motivational forces derived from changes in the donor's cognitive field. A disruption or disturbance in the cognitive field provided a force for behavior.

Resource theory also considered the objects of the exchange rather than the specific situational or donor characteristics. The latter variables may have had some influence, but the primary driver of behavior was the actual resource type which influenced the likelihood of the exchange. The actual resource items in Foa's model included goods, information, love, money, services, and status. These elements were similar to Katz's (1972) transactional content, which were the same as resources with a basic difference the substitution of status for influence.

The primary findings of Foa's resource theory focused on the donors cognitive structure. In each culture is a donor cognitive structure of resource types. These remain relatively unvaried over time. The likelihood of exchange depended on the resources offered in the exchange, the institutional setting, the needs of individual donors, and the donors' resources. Resources which were similar in structure attracted similar perceptions of exchange. They were also considered appropriate and therefore more likely to be exchanged. An example would be a relatively

small gift from the university for a relatively small donation, while a large gift would be paired with the building being named after the donor. Resources not considered similar resulted in a decreased likelihood of exchange. The institutional setting, such as an academic setting, provided a setting for exchanges and often defined which pairs of resources were more likely to occur.

Resource theory may be a partial explanation of charitable giving in light of the exchange process that occurs. Non-economic resources may be exchanged by a university for economic benefits provided by the donor. The exchange of influence or prestige bestowed on the donor was an example of the non-economic/economic resource transaction. One of the primary benefits of this theory was the concept of exchange pairs. According to Foa, some institutional resources increased the amount of the donor contribution because they were more appropriate. Money-goods exchanges or money-information might be more important than other pairs. Other researchers such as Long and Learner (1974) supported this finding when they found a significant relationship between the institution giving a small gift such as a candle or other goods to donors and their willingness to give a monetary donation in return. This pairing was found to be very effective in mass fund raising.

Marketing Theory

Donor motivation can also be studied from a marketing perspective. The institution must market itself to the donor in order to make its "sale" or obtain the donation. Kotler (1982) believed that exchange was the primary concept involved in marketing. Kotler saw the exchange as one value by an individual for another value. Brakely (1980) believed that marketing research could be very useful in the fund raising process. Philanthropic organizations and their fund raising goals needed to be viewed as a product to be sold. They in turn marketed themselves to the market segment. This segment included all the individuals and organizations which comprised constituencies for potential support.

Douglas (1983) demonstrated the importance of marketing in the philanthropic process. In the market sector, the relationship of participants was voluntary yet self-serving. Donors freely enter into an exchange relationship, but they do so to advance their own interests. Market analysts say that a choice is "rational" in terms of market economics when in any transaction, the quid received is equal to or greater than the quo foregone in terms of the individual's self-interest.

Chain of Response/Philanthropic COR Model

One of the most useful models for examining donor behavior, called the Chain of Response Model, was developed by Cross (1981). Cross developed

this model to explain the relationship between variables; it was originally used to explain the relationship of variables in adult learning activities (See Appendix B). The basic premise was that participation in any activity was not the result of a single act but a chain of responses. Philanthropy may be examined as a process that moves a donor through a series of activities which lead to the donation. The COR model is not linear the forces move in both directions.

When examining the process of philanthropy, problem recognition is the first independent variable. At this stage, donors detected a situation of need and began to contemplate what to do about it. This stage is dependent upon the information shared by the institution and how it is processed by the donor. Cross believed the second chain of the model concerns attitudes toward fund raising. The attitudes could come from various experiences--influence from friends and memberships in groups. Positive feelings would result in a greater likelihood of a donation.

The third portion of the model involved the importance of goals and the expectations that the goals would be met. Cross considered the expectancy - valance theory of motivation as a determinant in this part of the model. Valence related to the importance of the goal to the donor, while expectancy related to the subjective feelings that when the goal is accomplished a desired reward would result. This was related to the hierarchy of needs. For example, if a donor was at the social needs level on the hierarchy of needs

scale, the donor would expect friendship and acceptance as the reward.

Life transitions were the fourth component of the model. Cross defined life transitions as the periods of change which required individuals to make adjustments as they passed into new phases of their life cycle. The changes would include upward mobility on the social ladder and make philanthropy an expected behavior. Other sudden changes might also trigger a response. For instance a donor might have a sudden death in the family which would motivate a life memorial to be established at an institution. Once a donor had been motivated to participate, Cross believed opportunities and barriers would play an important role in determining whether a donation would be made. If there was little motivation, any barriers would preclude the donation. On the other hand if the donor became aware of additional opportunities, there would be an increase in motivation to give. Information about the university and specific needs that could be helped through donations also played a vital role. This would link the motivated individual to the appropriate opportunities for helping the university.

The final part of Cross's model was the decision to participate in the donation. Once the decision to participate had been made, and if the decision resulted in positive outcomes, future participation became more likely.

The COR model was expanded by Gruning (1987) when he included situational theory into the response cycle. The situational theory framework

began when a problem was detected in regard to a situation, problem solving thought processes began. Two other independent variables were involved within the process. The two variables were information seeking and information processing. Information seeking required active communication, while information processing was passive communication in which the public received a subtle message such as the alumni magazine. Three more dependent variables were added to Grunig's model, cognitive, attitudinal, and behavior effects. Problem recognition would occur when an individual would consider becoming a donor.

Maslow's hierarchy of needs was a useful theoretical base for understanding achievement motivation in the COR model. Once an individual passed through the lower hierarchy needs of (physiological and the need for safety), the person was then more likely to give. The needs included social, esteem, and self-actualization. The hierarchy was not rigid, allowing one to begin working on goals of a higher level before the lower was completely satisfied. Maslow believed there was a corresponding decrease in satisfaction as one moved up the hierarchy; a higher level of satisfaction was required for the basic needs than for self-actualization.

Expanding Maslow's theory, Mitchell (1983) developed what he called nine American lifestyles. Maslow's five stages illustrated a person's growth to psychological maturity. Mitchell placed the concept of values in each stage of Maslow's hierarchy. Values were defined as beliefs based on an

accumulation of one's attitudes, opinions, hopes, fears, prejudices, needs, desires, and aspirations. How these are combined together will govern how one chooses to behave. As values change, lifestyles are transformed accordingly. Mitchell developed four major value systems. The categories were: 1) need driven--survivor; 2) outer directed--belonger, emulator, achiever; 3) inner-directed--I am me, experiential, societal conscious; and 4) combined outer- and inner-directed--integrated. These categories could be used to forecast change. Mitchell criticized Maslow because he did not consider educational attainment or intellectual capacity as donors moved up the hierarchy of needs.

One of the major arguments for the VALS model was that it brought consumers' values into the marketing or public relations perspective. This model tended to portray consumers as individuals rather than statistics. Opponents, on the other hand, argued that VALS was artificial and contrived, and that everyone had traits which were common to each group. Atlas (1984) believed that VALS was too theoretical and therefore not that practical in determining donor behavior.

Other researchers have also used Maslow's works to explain donor behavior. Conrad (1978) stated that donors react to different levels of need, depending on the hierarchy level they themselves had already achieved. The fund raiser, therefore, must be able to recognize the donor's current level within the hierarchy. The lowest level of unmet needs must be met first.

Conrad believed that at this level, the fundraiser must show the donor how a donation will help join with others to solve an important problem. At the mid level of the hierarchy, donors need to be convinced that a gift will make them more respected among their peers. The highest level, self-actualization level required that donors be convinced that their benevolence would make a difference and allow their names to live forever.

Decharms and Muir (1978) described motivation by stating, "The problem for motivation is to understand the determinants of change in the stream of action, not to find what drives impel specific behavior" (p. 93). Attitudes could help provide the impetus for the change. Silberg (1991) believed that attitudes concerning philanthropy were influenced by that individual's positions within the hierarchy of needs.

Attitudes can play an important part in fund raising. Cross (1981) showed that the attitudes may come from past experiences or indirectly from experiences of relatives, friends, or associates. She believed that positive attitudes about education could lead to participation in the university, and the same could be said of philanthropy. Cross examined the expectancy valence theory. Valence was the importance of the goal to the individual, while expectancy was the feeling that the subjects would reach their goal. Looking at the hierarchy of needs and at the social level, donors donated to become members of a charitable organization with a goal of finding a sense of belonging and love. Esteem needs goals were for recognition, self esteem,

and status. Self-actualization goals included self-development and realization.

Cross (1981) stated that once the individual was adequately motivated to make a donation, barriers and opportunities played an important role in the final donation. If the motivation was weak, barriers could stop the donation; on the other hand, the potential donor's awareness of opportunities might enhance the motivation. Barriers would include lack of information on the organization, lack of money, or perhaps, conflicts between competing charities. Opportunities included having information about the organization, knowing how to contribute, and being asked to contribute. Constraint recognition also played a role in this model. It occurred when donors perceived that were constraints or obstacles which restricted their ability to plan their own behavior (Grunig and Hunt, 1984).
Examples would be lack of money, lack of information about the organization or competing charities.

The link between the motivated donor and the gift opportunity was facilitated by information about the organization. The level of involvement the donor had with the institution was crucial. The involvement determined if the individual's communication was active or passive (Grunig et al.1984). The person who had a high problem recognition and low constraint recognition was more likely to increase active information seeking and information processing. The more active the donors were with the organization, the more

likely they were to develop attitudes concerning the organization and to engage in behavior to help with the perceived needs of the organization.

In an attempt to incorporate all factors related to donor behavior, Silberg (1991) combined the models of Cross, Grunig, and Maslow. Calling it the Philanthropic Chain of Response, Silberg used this model to explain all facets of donor behavior. Silberg believed when individuals reached a point in the hierarchy in which they were motivated to give, they were more likely to internalize a need of the organization. Grunig's situational theory would be implemented when the donor became aware of a problem and began the information seeking process regarding the problem. Located between the motives for giving and participation were opportunities and barriers which could either increase or decrease the participation of the donor. After the decision to participate was made, the donor had to decide on the level of participation (Silberg, 1991). Variables affecting the decision included the current level of involvement of the donor, the perceived level of involvement in the organization and its project, and/or what they believed could be their future level of involvement. This could lead individuals to seek more information and/or to investigate the barriers and opportunities involved in contributing to that institution. Once the organization was chosen, they had to decide which project to support and with what size donation, which would lead to more information gathering and an evaluation of the opportunities and barriers.

The Philanthropic Chain of Response Model consists of a chain of responses which in turn reflect a chain of events in the individual's life that impacted a decision to give. The model allowed the direction to flow in both directions while going back and forth between the points. It was an attempt to integrate several theories to explain donor participation.

SUMMARY

The review of the literature gave a history of the development of philanthropy so the reader might gain a better perspective of how philanthropy has developed. Philanthropy has been a slow evolving process, but it has greatly increased in importance. The investment of time, effort, and resources in fund raising in higher education must increase proportionately. It has become a complex process requiring the efforts of thousands of people to fulfill the functions required for different types of giving, such as the capital campaign, current fund gifts, estate planning, and support from corporations and foundations.

More specifically, the review of literature examined donor motives that have been evident in higher education philanthropy and how they were related to research in this field. This information and the related research were utilized to develop the questionnaire. Donor characteristics and institutional characteristics were determined through past research and these factors were included in the questionnaire. These factors were examined to

determine their impact on specific types of gifts. The results of this research were compared with the results of other research and the history of these factors in gift giving.

Little research exists concerning which factors influence donors to make different types of gifts, or factors involved in determination of the types of gifts to be made after donors have made the decision to give. Currently available research examined the motivation or characteristics of donors to an institution; these factors and their relationship to specific types of gifts has not been examined. This study strived to fill the gap in philanthropic research. The previously mentioned theories helped provide relevant variables for this study.

Finally, different theories were examined to explore the decision making process of donors. Some of the theories focused on the concept of exchanges, either social or resources, as explanations of donor behavior. Marketing theory was also examined which focused on the exchange between the organization and the donors. Maslow's Hierarchy of Needs correlated with donor motivation and appeared to explain partially situations that might elicit philanthropic behavior. The Chain of Response Model by Cross and Grunig's Situational Theory were examined to develop the interrelationship between different variables that might affect gift giving. The Philanthropic COR Model developed by Silberg perhaps was the best explanation of the complex interrelationship of variables related to the decision process of

giving. Spellman's research was done qualitatively using grounded theory in order to build up a theoretical base that could explain the process of donations. This type of research is purposive and is more likely to uncover multiple realities. The qualitative researcher studied the data inductively to reveal unanticipated outcomes which would help provide relevant variables for this study. The theory was grounded in the data and qualitative researchers believed it more accurately reflected the data. These theories were used to develop the questions and, specifically, the sequence of events that led to the particular type of gift.

CHAPTER III

METHODOLOGY

PURPOSE

The major purpose of this study was to examine the extent to which donor characteristics and motivations were related to different types of gifts. The categories were cash, appreciated stocks and bonds, real estate, and bequests placed in wills. The central research question was: To what extent were donor characteristics, quality perceptions and motivations related to the different types of gifts and size of gifts?

The donor characteristics included income level, net worth, education level, alumni status, age, marital status, and number of children at home. Donor motivations included a sense of altruism, that the gift made a financial difference to the university, that the university had a financial need, that their name or their loved ones name would be immortalized, peers' persuasion to give, help the local community, feeling of reciprocity to the university, volunteerism at the university, an association with an employee of the university, increased influence in the institution, request by the president, request by another donor, request by the development office, service on board, tax benefit, economic benefit, sense of urgency for gift, competition among donors, fund a specific activity, religious beliefs, a change in life

experience such as a death or illness, matching gift offer, participation if fund raising campaign, knowledge of the university mission, belief the university is well managed, gift would be used for intended purpose, belief the university provides a quality education. gift was within economic means, valued higher education, satisfied with their own college experience.

Quality perceptions pertaining to the: institution, administration, faculty, students, athletic programs, ESU Foundation, ESU Alumni Association, College of Business, Teacher's College, College of Liberal Arts and Sciences, and School of Library and Information Management were examined. These components of Emporia State University were determined by their development office to be the primary components of this specific university. A smaller or larger institution could have fewer or more components.

Research Questions/Null Hypothesis

1) There was no significant relationship between the donor characteristics and size of gifts.
2) There was no significant relationship between the donor motivations and different types of gifts.
3) There was no significant relationship between donor characteristics and the size of the gift.
4) There was no significant relationship between donor characteristics and different types of gifts.
5) There was no significant relationship between the different types of

gifts and size of the gift.

6) There was no significant relationship between the donor's perceived quality of the institution and the size of gift.

Sampling

Arrangements for selecting the sample were made with the assistance of Robert Swanson, the Director of Development at Emporia State University. Emporia State University was chosen because it is a middle-sized university in the Midwest that provided a typical donor profile and gave the researcher access to its donor data base. The latter fact is very important because of the difficulty in finding a university that was willing to provide access to its donors due to the sensitive information required. Emporia State University graciously provided the donor data base and send out the questionnaires. A computer-generated listing of the population of donors was drawn from their data base. A response rate of 34.5 percent was considered adequate as long as the non-respondents were judged not to be necessarily different.

The targeted population included all donors who had made gifts between the years of 1994 and 1996 and whose home and/or mailing addresses were believed to be correct. A sample of 1,000 donors was randomly drawn from the targeted population that numbered approximately 3,000.

Data Collection

The first mailing was sent to the 1,000 donors in the study. The mailing included the survey questionnaire, a cover letter explaining the purpose of the research, the inclusion of a numerical code on the instrument (allowing anonymity for the donor), and a stamped self- addressed return envelope. A copy of the cover letter can be found in Appendix B.

Donors were requested to return questionnaires within one week of the first mailing. Questionnaires were reviewed for completion. The uncompleted questionnaires were remailed the following day .

The code numbers on the returned questionnaires were used to check the number of the respondents from the mailing list. Each non-respondent was mailed a follow-up letter, replacement questionnaire, and stamped return envelope. As a result of these procedures, 345 usable questionnaires were received for a response rate of 34.5 percent.

Dependent Variables

The dependent variables for this study were the different types of gifts and size of gifts. The categories of gift types included: cash, appreciated stock and bonds, real estate, and a bequest placed in the donor's will. The other dependent variables were the size of gifts, which were broken into the following ranges: $50-100, $101-500, $501-1,000, $1,001-2,500, $2,501-5,000, $5001-10,000, 10,001-100,000, over $100,000. Both the size of gift

and the types of gifts were categorical variables.

Independent Variables

The independent variables were selected on the basis of the review of the literature, a preliminary qualitative study involving 10 large donors to Friends University (Wichita, Kansas), and the recommendation of several development officers. These variables were selected because of their potential relationships to the type and size of the gifts. The independent variables were categorical and compressed into smaller categories for statistical significance. Some of the independent variables represented demographic data (age, income, net worth, education level, alumni status, marital status, and number of children).

Motivational variables included motivation aspects such as university involvement which might include serving on the board of directors, communication with the university perhaps through alumni magazines or mixers, life changes involving promotions or a death in the family, affiliation with university faculty, staff or other donors, esteem from recognition of a gift or participation in a university event, recognition of institutional need, personal recognition, financial gain through tax deductions, exchanges, justice, worthwhile activity, similar interest, obligation to society, religious belief, contributions that would build programs to benefit society, satisfaction with the donor's own college experience and donor's perception of the quality

of institution. The quality perceptions focused on different aspects of the university as well as the university as a whole. Each variable is operationally defined below for the respondents:

Income -- The gross amount of money received annually by an individual or family for labor or services.

Net Worth -- Total assets minus total liabilities at a specific point of time.

Education Level -- The number of years of formal schooling for an individual.

Alumni -- Graduate of the specific institution.

Marital Status -- The current marital status of the respondent (married, single, widowed, or divorced).

Number of Children--Number of legal offspring or dependents of an individual.

Donor motivations -- The force which initiates and sustains behavior.

Life changes -- Major events which result in alterations within the cycle of development of an individual.

Affiliation -- Having connected or associated one"s self with something.

Esteem -- To place value on or have a high regard or high estimation of worth.

Recognition of institutional need -- Awareness of unmet resources desired an institution.

Personal recognition -- To acknowledge individually as worthy of

appreciation or approval.

Financial gain -- Benefiting in a monetary sense or from favorable tax consequences.

Exchange -- Receiving a benefit in return for a donation.

Justice -- To treat fairly or do what is right.

Worthwhile activity -- Event deemed of good will.

Religious belief -- One's faith in spirituality.

Benefit to society -- Contributing to an improvement of society.

A Likert scale was used to measure the respondent's attitudes. The responses to each statement were ranked from 1 to 5, with 1 being strongly disagree and 5 strongly agree.

Development of the Questionnaire

A 51- item questionnaire was designed by the researcher to gather data about the demographic, quality perceptions, and motivational variables. These 51 items were a result of the literature review and a pilot study administered to a knowledgeable group of individuals who had significant experience and had achieved considerable expertise in the area of fund raising or development work. The panel included Biff Green, President of Friends University and past Vice President of capital campaign at the University of Southern California; Beth King, Vice President of Development at The Wichita State University, and Robert Swanson, Vice President of

Emporia State University. All items of the first draft of the instrument were rated as worthy of inclusion in the instrument by two-thirds or more of the panel members. The questionnaire was then revised to incorporate the panel's suggestions for improvements and rewording of questions, and a final copy was read and approved by the panel. A copy of the questionnaire can be found in Appendix A.

The pilot study involved ten major donors at Friends University. It was performed as part of a course requirement in the researcher's doctoral course work involving qualitative analysis. Each donor gave a short life history and explained why they had chosen to give to the university. There were many common themes that could have been predicted from the search of the literature. Many of the donors had favorable college experiences. They expressed a desire to help the community through the university. Some donors felt an affiliation with other donors at the university. One donor had given to provide a memorial for a spouse who had recently died. A female doctor talked about the profound influence one of the faculty had in getting her prepared for medical school when she was the only female medical student in her class in the 1930s. A finding that came as a surprise was the belief of several of the donors that the university would use the money more wisely than their children. This was especially true of donors who had grown up in the Depression era. These donors talked about how harsh the Great Depression was on them as young adults and how it affected them then and

throughout their lives. It was very important to these donors that the money be spent for its intended purpose and that they could trust the university.

Approval for the study

The office of the President of the university was contacted for initial approval; the researcher was directed to the Director of Development, from whom he obtained approval of the study.

Data Analysis

The primary statistical tool used to analyze group differences (amount of gifts and large donor versus small donor) was discriminant analysis. The objective of the discriminant analysis was to differentiate statistically between the groups of cases by comparing the groups on all of the independent variables selected for the research, taking into account the interrelationships of the variables. The discriminant analysis was done by weighing and linearly combining the discriminant variables in such a way that it forced the maximum distinction between the groups. The actual linear combination of discriminating variables was the "discriminant function" described in Chapter IV for each set of group comparisons. After the discriminant function was derived for the types of gifts, chi-square values were computed and contingency tables were produced for each significant variable. Follow-up techniques were designed to verify the between-group differences observed

in the analysis of variance tests and suggested by the discriminant analysis results. They also provided greater insight into the nature of the differences through testing of between-group cell differences for each independent variable. The techniques were also repeated for the desegregated donor groups (large donor versus small donor).

Research Question 1 -- There was no significant relationship between the different size of gifts and donor motivation. Discriminate analysis was used to predict the relationship between the amount of gift and the various donor motivations and quality perceptions. A step-wise discriminate analysis was performed for the dependent variable (size of gift) relative to the independent variables, donor motivations and quality perceptions.

Research Question 2 -- There was no significant relationship between the different types of gifts and donor motivations and quality perspectives. Discriminate analysis was used to predict the relationship between the amount of gift and the donor motivations. A step-wise discriminate analysis was done for type of gift relative to the independent variables, donor motivations. The separate runs for questions one and two were done using the combination of independent variables donor motivation and donor characteristics to predict the different type of donor giving.

Research Question 3 -- There was no significant relationship between donor characteristics and size of the gifts. In this question donor characteristics, independent variables were used to analyze the relationship

with the different types of donor motivations, the dependent variables. A chi-square analysis was run for each categorical variable and the size of gift. This provided a measure of the discrepancy between expected and obtained frequencies. The test of proportions indicated that when the hypotheses is true, the obtained frequencies will vary from their corresponding expected frequencies by random sampling fluctuation. The calculated chi square will be smaller when there is agreement between expected outcomes and actual outcomes. When the hypothesized expected outcomes are not the true ones, the discrepancies between expected outcomes and actual outcomes will be larger and so will the calculated chi-square. The 5 percent significance level was used to reject the hypothesis. Contingency tables were prepared to analyze the patterns using row percentages for the respective categories such as net worth, age, net income, etc. The obtained frequencies were expressed as a proportion of the row totals to determine if the two variables were independent or if there was a contingency relationship.

Research Question 4 -- There was no significant relationship between donor characteristics and the types of gifts. Donor characteristics were the independent variables and the types of gifts were the dependent variables. Chi-square analysis was run for each categorical variable and the type of gift. Contingency tables could not be prepared due to the limited number of cells with expected frequencies greater than five.

Research Question 5 -- There was no significant relationship between the

different types of gift and the size of the gifts. The types of gifts, cash, stocks and bonds, real estate and bequests in wills was correlated with the size of the gifts using chi-square analysis. Contingency tables could not be prepared due to the limited number of cells with expected frequencies greater than five.

Research Question 6 -- There was no significant relationship between the size of gifts and the donor's perceived quality factors. The independent variables in this question were the donor's perceptions of the quality of the institution, individual departments, and students . Size of gifts was the dependent variable . Discriminant analysis was run to predict the size of gifts from the independent quality factors.

CHAPTER IV

RESULTS

The purpose of this study was to examine donor motivations, quality perceptions and characteristics with the types and size of gifts given to higher education. The 51-item questionnaire that was developed and based on the review of the literature, previously mentioned panel review, and a qualitative pilot study included four parts:

Donor motivations (Items 1-31).

Donor perceptions of the quality of the institution and its components (32-42).

Donor characteristics (43-49).

Dependent variables (50-51) dealing with the size and types of gifts..

Emporia State University graciously allowed questionnaires to be sent to their donors. A random sample of 1,000 donors was selected from a donor base of approximately 3,000 who had given a contribution to the institution within the previous year, and 345 usable questionnaires were returned. This was a response rate of 34.5%. The respondents appeared to be typical of the population taken as a whole.

The first items to be discussed are the review of descriptive statistics. Following the discussion of findings of the descriptive statistics, discriminant

analysis was used to examine the relationship between the continuous independent variables, donor motivations and quality perceptions, with the dependent variables, type of gift and size of gift. Finally, chi-square was used to test the null hypothesis for the relationship between the independent categorical variables, donor characteristics and the dependent categorical variables types of gift and size of gift.

A wide range of responses came from the donors regarding different donor motivations and quality perceptions. Question 30 -- I value higher education -- had the highest mean score at 4.74 on a 5-point scale. This variable also had the smallest standard deviation of .52. A total of 259 out of 339 (or 76.4% of the respondents) answered with the highest rating of 5. Only 73 respondents (21.5%) rated it a 4.

Question 31 -- I was satisfied with my college education -- received the second highest mean score (4.74). Donors responded with a 5, 65.9% and with a 4, 27.5% for this question. The standard deviation was .77. Five other variables for donor motivations or quality characteristics had a mean score greater than 4.0. These variables in descending order were: Belief that the university provides a quality education (4.42), Belief that my gift would be used for the intended purpose (4.33), Quality of the institution as a whole (4.26), Quality of the Teachers College (4.22), and Quality of the faculty (4.06). Quality factors were important to the donors because the donors valued education..

Some of the less significant donor motivations on a scale of 5 in ascending order were: competition among donors (1.32), belief that the donation increased my influence within the institution (1.41), a change in life experience, such as the death of a loved one or an illness (1.49), and possibility that my name would be immortalized through a building or scholarship (1.49). Although these items were given a relatively low level of importance on average, a few donors believed these were important motivational factors and resulted in substantial gifts above the average gift. For example, a respondent whose child had died gave the university a memorial and took the time and effort to include this comment on the questionnaire.

Donors perception of quality was highest for the institution overall with a mean of 4.26 followed closely by the Teachers College with a mean of 4.22. The lowest scores for quality were athletic programs at 3.38 and College of Business at 3.70. It is possible that for individual ratings of quality there is a bias for or against a segment of the institution, but the respondents could have a favorable perception of the quality of the institution as a whole.

The quality of the institution was the highest rated as follows: a (5) 35.2%, a (4) 55.8%, and a (3) 9.1%. The quality of the Teachers College received a (5) 31.4%, a (4) 35.1%, and a (3) 2.8%. The faculty quality received a somewhat lower score with a (5) 24.2%, a (4) 58.6%, and a (3) 16%.

Donor demographic information began with Question 43 -- How old are you? The mean age of the donors was 55.34 with a relatively large standard deviation of 15.43. This would indicate that approximately 68% of the Emporia State donors would fall within a range of 40 and 70 years of age. The oldest donor was 94, the youngest was 24, and the frequency distribution showed a donor for every age between 24-94. The largest cluster of donors was in the range of 42-62. This is important information with the coming demographic changes in the general population discussed in the conclusions.

The largest number of donors (37.1%) reported having a bachelor's degree. Approximately 52% had post bachelors work of one to three years. Only 4 percent had a high school degree or less education.

Married donors (244 out of 343, or 71.1%) were the largest category. The other categories included single donors with 14.7%, widowed 8.2%, and divorced only 5.2%. This would indicate a much higher marriage rate than in the general population.

Most of the donors (241of 345) or 70.1% are empty nesters. One child at home was reported by 13.7% of donors and 11.9% reported two children at home. No one reported having more than four children at home.

The majority of donors (82.2%) were Emporia State University alumni. The University received many of these donations in the annual campaign and most of these were unrestricted cash gifts.

Donor income levels have been an important factor in previous research relative to the size of gift and were in this study as well. Average income over the past five years was collected categorically partly due to the sensitivity of this information for the donors and partly done at the request of Emporia State. Almost half of the respondents (46.6%) reported up to $50,000. These income levels are considerably higher than the mean incomes for the nation. Emporia State donor income is as follows: 0-50,000 (46.6%), 50,001-100,000 (37.3%), 100,001-250,000 (13.1%), 250,001-1,000,000 (2.4%), over 1,000,000 (.6%).

Donor net worth has been an important factor in previous research on gift giving and was so in this study. Net worth was also collected categorically in consideration of the potential sensitivity to the respondents. Donor net worth was also higher than the national average. Donor net worth was reported as follows: less than 100,000 (22.7%), 100,001-250,000 (23%), 250,001-500,000 (26.2%), 500,001-1,000,000 (16.6%), 1,000,001-10,000,000 (11.42%), and over 10,000,000 (.6%) with only one respondent.

The decision to give is important, and perhaps how much given is of greater importance. The size of gift was the first dependent variable. The majority of respondents gave small gifts between $50-$100 (54.5%). The remaining donors gave as follows: $101-$500 (23%), $501-$1,000 (9%), $10,000-$100,000 (11.2), and over $100,000 (.3%). The larger gift category had relatively few donors.

The type of gift was the second dependent variable and was broken into categories. Cash gifts accounted for almost all of the donations. They represented 97% of gifts. Appreciated stocks and bonds accounted for 1.5%, real estate .6%, and bequest placed in their will .9%. This will have some important ramifications to be discussed in this chapter as well as the conclusion section.

Since the dependent variable was categorical and the independent variables were continuous, discriminate analysis was executed. The first research question examined the relationship between donor motivation and size of gifts. Using this approach, the findings indicated that high giving and low giving donors differed significantly in only two motivational and quality variables.

The findings in Table 1 indicate that the only donor motivations and quality consideration to meet the level of .05 significance were Question 15 ("The tax benefit derived from my gift?") and Question 4, ("Possibility that my name would be immortalized through a building or scholarship?"). The discriminant equation with this additional variable accounted for 12% of the explained variance at a significance level of .01.

Table 1

Summary of Canonical Discriminant Functions

Function	Eigen value	% of Variance	Cumulative %	Correlation
1	.159	88.2%	88.2%	.370
2	.021	11.8%	100.0%	.144

Tests of Function	Wilkes Lambda	Chi-Square	DF	Significance
1 through 2	.845	42.308	8	.000
2	.979	5.283	3	.152

Standardized Canonical Discriminant Function Coefficients

	Function 1	Function 2
Variable 4	.606	.840
Variable 15	.653	.804

The second research question was "How are donor motivation related to the different types of gifts?". Discriminant analysis was used to discriminate the different types of gifts based on donor motivations and characteristics. Due to the very low number of gifts in categories other than cash, discriminant analysis could not be performed. The implications of these findings are discussed in Chapter V.

Chi-square analysis was required for the third research question -- "How are donor characteristics related to the different size of gifts?". The obtained frequencies and expected frequency are reported in Tables 2-7.

The first donor characteristic examined was the age of the respondents,

which turned out to be significantly related to the size of the gift donated. The calculated chi-square was 25.11 and the minimum value for significance was 3.93. Clearly the test of proportions was met since the significance level was .001

The ages of respondents were broken into three categories. The first category was from 24-45, the second from 46-65, and the third 66 and over. Age was cross-tabulated with the size of gift. The categories were compressed into three age ranges and five income ranges to meet the criterion of having the expected count of less than five per cell in no more than 20 percent of the total cells. This resulted in eight degrees of freedom.

The interesting results of this analysis came from the cross-tabulation of variables. The row percentages indicate a contingent relationship between age and the size of gift, as shown in Table 2 below.

Table 2

Age of Donors and Gift Amount

Size of Gift	$0-100	101-500	501-1,000	1,001-2,500	2501- over
Age	Percentages				
24-45	63.8	22.3	6.4	3.2	4.3
46-65	51.3	27.0	10.5	6.6	4.6
66-94	50.0	16.3	10.0	3.8	20.0

Younger donors, as defined by the ages of 24-45, tended to make smaller gifts of $0-100 or 63.8% in this gift category. This contrasted with older donors, defined as ages 66-94, who had a very large proportion (20%) in the largest gift category of over $2,500. The middle age group, defined as 46-65 year olds, gave more than the younger age group (4.6% compared to 4.3%), but less than the older age group (4.6% compared to 20%) for gifts exceeding $2,500. The implications of these findings will become even more important when demographic trends are examined in the conclusion section.

The education of the donors was examined relative to the size of the gift. The categories were reduced to three levels of education: high school graduates or less, college graduates, or post college work. The size of the gift was broken into the same categories previously discussed.

The chi-square value was 3.225 with a significance level of .919 There was a serious problem with the number of high school students in that only one cell had more than an expectancy rate of five in a cell. It did not make sense to further compress the education levels and 26.7% of the cells did not have the required five expected count. Therefore the research could not determine whether to accept or reject the null hypothesis.

The marital status of the donors was cross tabulated with the size of the gift. There were relatively few widows/widowers and divorcees so that the marital status was condensed into married and unmarried and the five ranges of income were again used.

The Pearson chi-square value was 3.911 and the minimum value for a .05 significance level was 4.47 and therefore was not significant. Notice how tightly the actual count matches up with the expected count in Table 3 below.

Table 3

Marital Status and Gift Amount

	50-100	100-500	501-1000	1001-2500	2501-over
Married	51.9%	25.7%	9.3%	5.1%	8%
Unmarried	62%	16.3%	8.7%	4.3%	8.7%
Married count	123	61	22	12	19
Married expected	129.7	54.7	21.6	11.5	19.4
Unmarried count	180	15	8	4	8
Unmarried expected	180	21.3	8.4	4.5	7.6

The number of children living at home and size of gift was examined using chi-square. The number of children was compressed into two categories -- either children at home or no children at home -- to meet the 20 percent requirement of no less than a minimum of five expected frequency. The five ranges of gifts were again used.

The Pearson chi-square value was 5.70, and the minimum expected count was 4.9. The chi square meets the minimum requirement, however, the significance level was .223. Therefore, it was not statistically significant.

Table 4

Number of Children at Home and Amount of Gift

	$50-100	101-500	501-1000	1001-2500	2501-Over
Children	57.2%	20.1%	10.0%	3.9%	8.7%
No Children	48.5%	29.7%	7.9%	6.9%	6.9%
Children count	131	46	23	9	20
Children expected	124.9	52.7	21.5	11.1	18.7
No children count	49	30	8	7	7
No children expected	55.1	23.3	9.5	4.9	8.3

Alumni status and size of gift were examined. The donors were either alumni or not, and the same five ranges of gifts were used. The calculated chi-square was 27.005, and the minimum expected count was 2.77 indicating statistical significance.

The row percentages presented some very interesting patterns (see Table 5 below). The alumni had a high percentage (59.9%) in the lowest gift category ($50-100). The percentages declined rapidly as the size of the gift increased with a slight jump-up in the largest gifts. The non-alumni showed the most interesting data. They had lower percentages (29.8%) in the low gift range of $50-100 but leveled off much more gradually than the alumni. The non-alumni also increased in the largest gifts but did so much more dramatically at 19.3%. The non-alumni gave over $1,000 (31.6%) while alumni represented only 9.2%. It was interesting to theorize possible

explanations for this anomaly in the conclusion section.

Table 5

Alumni and Amount of Gift

	$50-100	101-500	501-1000	1001-2500	2501-Over
	Percentages				
Alumni	59.9	22.4	8.5	3.3	5.9
Non-Alumni	29.8	26.3	12.3	12.3	19.3

Donor income was compared with the size of gift using chi-square. The income levels were reduced into three categories to meet the 20 percent criteria for a minimum expected frequency of five to a cell. The income ranges were $0-50,000, $50,001-100,000 and over $100,000. The same five categories for size of gift were used.

The calculated chi-square was 42.158 while the minimum expected count was 2.36. The null hypothesis was rejected. There was a very large difference between the expected frequencies and the actual frequencies.. There was also a very low calculated significance level at .000.

The percentage rows show some very distinct patterns. The donors with relatively low income levels had a very large percentage (68.7%) in the lowest gift category. Then the percentage of donors in larger gift categories declined rapidly. Donors in the middle range of income showed a smaller number (46.3%) of low income/low gift and a more gradual decline of donors in larger gift categories and only a slightly higher percentage (6.5%) in the

largest gifts. The highest income individuals started with a much lower percentage (35.3) in the low gift category. The percentage of donors in each gift category were spread fairly evenly except for an increase in the largest gifts with 19.6% of the respondents giving over $2,500.

Table 6

Donor Income and Amount of Gift

Gift	$50-100	101-500	501-1000	1001-2501	2500-Over
Income	Percentages				
$0-50,000	68.7	19.3	5.3	1.3	5.3
$50,001-100,000	46.3	29.3	13.0	4.9	6.5
Over 100,000	35.3	17.6	13.7	13.7	19.6

Net worth of the donors and the size of the gift were examined in four categories: $100,000 or less, $100,001- 250,000, $250,001-$500,000, and over $500,000. The chi-square was 60.319, and the expected count was 3.40. The null-hypothesis was rejected there was a very significant difference between the expected frequencies and the actual frequencies. The significance level was .000.

The row percentages showed some very consistent patterns. Donors with the lowest net worth had a very high percentage (73.9%) in the lowest gift category. The row percentages dropped very rapidly with none in the highest gift category. The $100,00-$250,000 category had a very similar pattern but a slightly smaller percentage (63.9%) in the $50-$100 gift category. There was

a very rapid decline in the highest gift category to only 1.4%. The third category of net worth showed an even more moderate rate of decrease from 55.0% in the smallest gifts to 8.8% in the largest gift cell. The highest net worth donors gave by far the most money. Only 28.9% of these donors were in the smallest gift category and 19.3% in the largest. There was a strong representation in each of the cell categories for this group. The net worth variable probably shows the strongest and most consistent patterns of all the demographic variables when compared with the size of gifts.

Table 7

Donor Net-Worth and Amount of Gift

Gift	$50-100	101-500	501-1000	1001-2500	2500-Over
Net Worth	Percentages				
$100,000 or less	73.9	18.8	4.3	2.9	.0
100,001-250,000	63.9	25.0	9.7	.0	1.4
250,001-500,000	55.0	23.8	10.0	2.5	8.8
over 500,000	28.9	24.1	14.5	13.3	19.3

"How were donor characteristics related to different types of gifts?" was the fourth research question. The variables involved were categorical, so chi-square was used in the analysis. The answer to the question was inconclusive due to the very low frequency of gifts other than cash. Only 10 donors did not give cash. When chi-square was performed, there were too many cells that had expected frequencies below five in a cell. No matter how

the categories were condensed, the 20% cell rule was broken. Minimum (1978) suggests that if no more than 20% of the expected frequencies are less than 5, then an expected frequency as low as 1 is allowable.

Five donors gave appreciated stocks or bonds, two gave real estate, and two had bequests in their wills. The 324 donors who gave cash represented 97 percent of the valid respondents; there were 11 donors who did not respond to this question. The reduced amount of giving in categories other than cash has important ramifications for further research and for practical development policies and activities which will be discussed in Chapter V.

"What was the relationship between the different size of gifts and types of gifts?" was the sixth research question. The size of gifts was categorical similar to the types of gifts. Chi-square analysis was attempted but there were too few donors who had given gifts other than cash. The 20% cell rule was violated and no conclusions could be drawn for this research question. This will have important implications for further research discussed in Chapter V.

A quick synopses of the findings indicated donors valued higher education was the highest rated donor motivation. The highest qualitative factor was the overall quality of the institution. Most of the donors were married alumni, between 42 and 62 years of age, and without children. There was a very significant relationship between larger income and larger gifts and even stronger significance with large net worths and the size of gifts. Age and

alumni status were factors in predicting the gift. Education, marital status, and children at home were not statistically significant. The discriminant analysis indicated two variables that could differentiate large gifts from smaller. The tax benefit was the best at differentiating large gifts and also the possibility that the donors name would be immortalized through a building or a scholarship contributed to the discriminant function.

CHAPTER V

CONCLUSIONS

"The philanthropic tradition is America's most distinctive virtue," said Robert Payton of the Indiana University Center of Philanthropy. Americans gave approximately $140 billion to charity in 1995, which was about $20 billion more than the federal deficit. Total philanthropic contributions rose 11% in 1995 from 126 billion (Todd,1996). Foundations numbering over 42,000 in the United States gave approximately $10 billion annually to philanthropy. Individuals gave approximately $60 billion, or six times more than foundations. Education received about 15 percent of all individual giving. There is no question that charitable giving is an important source of financial resources for colleges and universities in the United States. The future holds potential for far greater philanthropy.

The United States has more than 149 billionaires, with 62 having over $2 billion in net worth. If these billionaires gave a billion dollars each they could fund 27 universities in the same way as Harvard is endowed (Todd, 1996). Unfortunately, a study in 1993 indicated that 8 of 10 estates exceeding $1 million left nothing to charity. Put another way by Peter Carafe of Philanthropic Initiative, a consulting group, "10 percent of the wealthy give 80 percent of the gifts (Todd, 1996)."

What motivates donors to give to higher education? This research was an attempt to determine the answer. It varied with each donor, but some

motivations were more significant. The most significant motivation, the one with the highest mean rating, was "I value higher education." People who do are more likely to give. In this scenario, people who place a high value on education are more likely to see a direct link between education and self improvement. They view their donations as a means of improving their local community.

"I was satisfied with my college education" received the second highest mean score. This is related to the value placed on education. Conceivably, donors had a satisfactory experience in college and are likely to experience lifetime benefits in the form of higher salary and higher social standing, which in turn could enhance their perceived value of education. The college experience may be especially important at universities such as Emporia State University in which 82 percent of the donors are alumni. This finding is consistent with Silberg's research that examined donors' involvements in organizations previously as students. Andrews reported that volunteering was the most important factor for large gifts. Hodgkinson and Weitzman (1988) found a direct relationship between volunteering and the amount of the contribution. Those who did volunteer contributed 2.4 percent of household income while those who did not volunteer contributed 1.3 percent. The positive college experience and involvement helped reduce barriers to giving by increasing their knowledge of the institution and helped them in gathering information that would lead to gifts.

"Belief that my gift would be used for the intended purpose" was the fourth highest rated variable. The donors felt a high need to be able to trust the university to use their donation wisely and for the intended purpose. Equity theory and the exchange process postulated by Levi-Strauss. She observed an exchange based on trust and a sense of duty that were related to the donation. O'Connor (1985) found that people who have high levels of accurate information are more likely to give and to have a favorable attitude toward a charity. He concluded that substantial charitable giving is a "high-information" decision.

Several other highly rated factors centered on perceptions of quality. The belief that the institution provided a quality education was the third highest rated variable related to a decision to donate. Other highly rated qualitative factors were "Quality of the institution as a whole," "Quality of the Teachers College," and "Quality of the faculty." These other qualitative questions were fourth, sixth and seventh respectively for their importance. Expectancy theory may be a partial explanation for the perception of quality playing a role. The donations are dependent on the expectations of certain consequences occurring as a result of the actions and value of the consequences to the donors. In this case the quality of the institution is positively affected by the donation and the donor receives intrinsic rewards in turn (Bagozzi, 1981).

These findings form a consistent pattern. Donors who placed a high value on education were more satisfied with their education. They also believed

the university provided a high quality education and the gift would be used for the intended purpose. All of these factors in combination reduce the barriers to give and are in accord with previous research. Andrews (1953) found that the willingness to donate was related to a desire to help the organization which had helped the donors and also related to a fondness for the organization from previous or existing experience. Many donors give out of gratitude to an institution which had helped them (Panas, 1984). An example is a female doctor who had been mentored by an undergraduate professor who enabled her to enter medical school. She returned the favor by serving on the board of directors of the university and raised money for student scholarships.

Several less significant donor motivations included competition among donors, belief that the donation increased influence within the institution, a change in life experience such as the illness or death of a loved one, and the possibility that one's name would be immortalized through a building of scholarship. These motivations, although rated quite low in importance for giving in general, had the potential to be more important discriminant factors related to the size of gift. The magnitude of the impact on even a few donors could cause very large gifts, and that was the case with tax incentives and immortalized donor names.

Answers to the first research question -- What is the relationship between donor motivation and the size of gift? -- were derived through the use of

discriminant analysis. Two of the motivational and quality perspectives variables were found to be significant in the step-wise discriminant function, and the other 40 factors were not used. The first significant factor in the discriminant analysis was the tax benefit. The other significant variable was the possibility that my name would be immortalized through a building or scholarship. This variable added to the discriminant function and helped explain more of the total variance.

What motivates donors to give? Some fund raisers and researchers would attribute it to tax reduction. While reduced tax is not a significant fact related to the decision to give in the present study, it was in fact the key discriminant factor related to the size of the gift. Silberg's research found that every large donor was affected by tax factors although most donors did not believe it was the primary factor in the gift. Deferred giving is one of the best tax strategies. It allows donors to pledge assets to a university, take a one-time deduction, and still have income from the assets during the donor's lifetime. The charitable remainder trust is often used when donors sell a business so that they avoid the capital gain on the sale of stock and can use the charitable deduction to offset other income. A donor with an estate of several million dollars consisting of a tax-deferred retirement plan would be taxed up to 92 percent of the estate. If a family philanthropy was used, the rate would drop to 15 percent and family members would be able to receive compensation for their work in the philanthropy. The return could be higher than what they

would receive after inheritance tax.

Rosenberg (1994) reported in his book Wealthy and Wise that "the charitable deductions of the Internal Revenue Service top income group averaged less than 10 percent of what they could safely afford." Charitable giving could be increased by $100 billion annually with 90 percent coming from 3.4 million taxpayers and 40 percent from 51,000 of the very rich. The Internal Revenue Service highest tier in 1991 had an average annual income of $1.8 million (excluding capital gains) and claimed $87,000 in charitable deductions, which was 4.8 percent of income. Rosenburg (1994) calculated an average net worth of $16 million of only earning assets, which made their average donation .5 percent of net worth. Morgan (1977) cited the Filer Commission Study that found donors are less likely to give if there was no tax advantage in doing so. Odendahl (1987) found that tax laws did affect donations, especially if tax rates were lowered, and proved to be a disincentive to give. These studies focused on whether donors would give while this research focused on size of gift. It is no wonder that tax considerations play an important role for larger donations and there is room for significant growth in giving with improved tax policy. Such policies give a return to the donor and remove some of the barriers to giving. The tax considerations definitely help with expectancy theory shifting a higher return to donors and giving them "more bang for their buck."

The possibility that their names would be immortalized through a building

or scholarship also has support in past history. Stanford University was named in memory of Leland Stanford's deceased son. Yale and Cornell are universities bearing the names of their famous benefactors. Major donors expect to get something in return for their gifts. It may be something as simple as a good feeling, or a building named after them (Silberg, 1990).

Exchange theory comes into play with taxation benefits and memorialization of donors or loved ones. Glaser & Levi-Strauss (1967) looked at donor behavior as a form of social exchange based on trust and a sense of duty. The belief in our society of charitable giving to be "good" created a strong motivational force for donors. Warner (1975) attributed donor behavior to the norm of social responsibility. Reciprocity is the idea that people know the norm and its value to others, and they recognize that social responsibility can be demonstrated to others. Todd (1996) reported that entrepreneurs saw a virtue in their giving. The donor's own enterprise and invention were rewarded by success, equity theory comes into play, life is fair-that's the moral of the story. But few entrepreneurs could believe that proposition entirely, and yet few want to attribute their own success to dumb luck, thus one hears from philanthropic entrepreneurs, I want to give something back. For inheritors the story takes a rather different and in many ways more challenging turn. Their reward arrives at birth, and for some, their lifelong effort is to understand why they have been so fortunate. From inheritors, one hears the stock explanation, "I want to make a difference."

The second research question sought to find how donor motivations were related to the different types of gift. A discriminant function was attempted but could not be performed due to few gifts other than cash. These results have important practical implications, and implications for additional research.

The practical implications are that there are very few gifts other than cash. However, these tend to be relatively large gifts. If the 10 non-cash gifts in the sample were extrapolated to the general population there would be approximately 80 to 90 non-cash gifts per year. A cost benefit analysis might be helpful. It would appear that there are some opportunities to outsource some of these functions to reduce costs and perhaps gain expertise in certain areas such as trusts and investment pools. For colleges or universities smaller than Emporia State this might even be more beneficial.

There is a need to focus additional research on specific types of gifts. To achieve an adequate number of respondents, these donors would have to be identified and the questionnaire directed to them exclusively. Selecting a generic sample even from a large university with thousands and thousands of donors would not accomplish this. A better approach would be to single out very generous donors from individual institutions to get a good cross-sectional representation throughout the United States. These generous donors would be much more likely to have given these non-cash types of gifts as well as cash gifts. Another advantage is the development office could not restrict the type of question or the way it is asked. This would enable the researcher to

obtain interval data for both the independent variables and the dependent variables which would enable mutivariate analysis to be used.

Research question four -- "How were donor characteristics related to the different types of gifts?" -- and research question five-- "What is the relationship between different types of gift and the size of gifts?" -- were unanswerable due to the low number of gifts other than cash. The proposed research study previously mentioned would need to be performed to answer these questions. Discriminant analysis could be used for the proposed research.

Question six -- "What is the relationship between donors perception and quality factors?" -- could not be answered due to the low sample size.

"What is the relationship between donor characteristics and the size of the gift?" was the third research question and proved to have the most significant data. There is a contingent relationship between age and the size of the gift. The research indicated that older donors are more likely to give larger donations. These findings are good news for higher education fund raising. The number of people moving into older age groups is increasing with the movement of the baby boomers. The first baby boomer turned 50 in 1996 and Table 8 shows the significant growth in the baby boom brackets and surprisingly large numbers in the five years after the baby boom period.

Table 8

Age of United States Population in Millions

Ages	20-24	25-29	30-34	35-39	40-44	45-49	50-54	55-59
1981	21,663	20,169	18,731	14,366	12,028	10,985	11,595	11,554
1995	17,882	19,005	21,868	22,249	20,219	17,449	13,630	11,085

The largest percentage increase (68%) is in the 40-44 age group. The 45-49 age group was second at 58 percent increase and 35-39 was third with a 55 percent increase. The 30-34 age group should not be discounted; although they did not have as big a percentage increase, their absolute numbers are large. Given a mean age of 55 for donors at Emporia State, the golden age of giving should come in about five years and continue for 15 to 20 years based on national demographics.

Donor income was compared with the size of gift. Not surprisingly, the lower income individuals gave less than the higher income individuals. There was a contingent relationship between income and the size of gift. Scherish and Havens found that the incidence and amount of giving increase with income (Kaplan, 1996). For most income categories, households that contribute 5 percent or more of their income account for half of the contributions made by all the households in that income category. They represent 10 percent of all households but are responsible for 54 percent of total giving. Households with incomes over $100,000 accounted for 11 percent of total giving even though they represent only 5% of households.

Giving growth rates closely parallel income growth rates. There is some evidence that the sources as well as the level of income affect donations. Wages tend to be more permanent than capital gains. Dramatic, momentary windfalls or declines in financial condition do not create long-term changes in giving. The highest earning years tend to be in the 40s, 50s and early 60s after retirement discretionary income is likely to fall (Kaplan, 1996)

Table 9

Individual Age, Income and Discretionary Income

Age	25-29	30-34	35-39	40-44	45-49	50-54	55-59	60-64	65-69
Income	48547	54243	60049	66133	69412	68181	61480	61001	50447
Discrete	9130	10919	12405	13999	14448	13550	14584	14356	12921

Net worth and the relationship with gifts followed a very similar pattern as income for the donors at Emporia State. There was an even stronger contingent relationship between net worth and the size of the gift. Silberg (1990) found donors began giving large donations after their families were financially secure.

Donors with the lowest net worth gave considerably less than wealthy donors. It was interesting to note that the lowest gift range still had the largest percentage of wealthy donors. This follows the trend that the top 10 percent of donors will give 90 percent of the donations.

The United States Trust Company examined the demographic impact of affluent baby boomers (Giving USA, 1996). It studied the attitudes of

individuals ages 31-49 with adjusted gross incomes exceeding $200,000 and net worth exceeding $3 million. The survey indicated they were 3 1/2 times more concerned about financial security than in college, and 3 times more philanthropically oriented in the present than when they were younger. The respondents indicated they gave eight percent of their after-tax income to charity, which was about the same as they spent on vacations and about one-third of what they saved or invested. The table below shows the percent of income contributed by contributing households, total households, and household net worth is in thousands.

Table 10
Net Worths and Contributing Household Percentages

	Contributing Households	Total Households
$50,000,000 +	17.8%	17.8%
10,000,001- 50,000,000	6.9%	6.8%
1,000,000-10,000,000	6.6%	5.5%
500,001- 1,000,000	3.7%	2.8%
250,001-500,000	4.4%	2.8%
150,001-250,000	4.6%	2.2%
100,001-150,000	4.1%	1.7%
50,001-100,000	4.7%	1.4%
25,001-50,000	4.6%	1.3%
5,001-25,000	4.4%	.6%
1,000-5,000	5.9%	.6%

The chart indicates that giving increased with net worth and also that the number of contributing households went up as net worth increased.

The net worth of older Americans will increase dramatically as the baby boom population ages, and this segment appears to be more eager to give. More adult Americans born between 1946 and 1964 gave to non-religious charities than did people in any other age group (Kaplan,1996). The research indicated that these donors will become even more generous as they age. They have moved up the corporate ladder. Other donors have built and own

their own businesses. Many baby boomer donors are about to inherit significant estates from their parents. These factors will have significant impact on donors income, net worth and their ability to give.

One in three baby boomer households will be affluent by the year 2000. The number of baby boomer households with incomes over $50,000 will triple. The boomers are for the most part two-income earners, plural pensioners, and have two Social Securities, with many having additional retirement plans. They have had the advantage of benefitting from the rising housing market in the 1970s, particularly the older boomers. Perhaps the largest contribution to boomer wealth will be the $10 trillion transfer from their parents. The boomers will inherit their parents' highly appreciated property, pension assets, life insurance, and huge stock portfolios.

Growth in the stock market in the late '90s has greatly increased the wealth of many donors. The real per capita income increased 2.4 percent in 1995, and 2.8 percent in 1996 which boded well for gift giving. Unemployment remained low, as did inflation, in the past few years. The combined impact of these factors resulted in increased giving to higher education of 11.19 percent in 1995 and approximately the same amount in 1996 (Giving USA, 1996). This was the largest increase in giving in the last eight years. Nevertheless, many donors and potential donors are concerned about their future financial security. Massive corporate layoffs and anxiety of potential layoffs have threatened people's security. Giving in United States

surveys have shown that worries about not having enough financial security in the future has a detrimental effect on giving. Silberg (1990) found most donors felt they gave the right amount after they had taken care of their family's financial needs and they have excess funds. These donors have moved into Maslow's top two levels -- esteem and self actualization needs.

Colleges and universities have tremendous potential to utilize planned giving in their development efforts. By using living trusts, universities can have the advantage of the gift and the donors receive the deduction to offset their high income. They will also have the peace of mind in knowing they will have the income from their assets until they die. This type of philanthropic planning can reduce donor anxiety as well as their taxes and lead them to come closer to giving to their full potential.

Alumni status was analyzed with the size of gifts. The null hypothesis was rejected, and there was a contingent pattern between alumni status and size of gift. The alumni, though more likely to give, did not give as large a gift as the non-alumni. Alumni were more likely to fall in the lower gift ranges.

Although 82 percent of donors were alumni and had strong ties to the university, a higher percentage of non-alumni gave larger gifts. The logical explanation for this finding is that non-alumni were targeted by the development office due to their large net worth, income, and ties to the community. Many were business owners who probably felt the need to give back to the community to recognize the benefits the donors had received.

Several donor characteristics were not significant. The characteristics included education levels, marital status, and children living at home. Each of these characteristics is discussed in turn.

Such a large percentage of donors were alumni of the university and very few were high school graduates so the sample was too low for significance. If research is to be done in this area, a sample would have to be drawn that specifically included donors with less education. These donors did tend to give larger amounts, had larger net worth and had higher incomes, but there were not enough of them to have a justifiable significance level. These were donors who probably had been targeted by the development office or had ties to the university through children or associations in the community. It also may have been that they placed a great value on education due to their life experiences and perceived shortcomings from not having a college education.

The marital status of donors was compared with the size of gifts. The null hypothesis could not be rejected. It was interesting to note the relatively few number of divorcees. Perhaps the divorced no longer have the income or net worth to give after the divorce proceedings.

The number of children living at home and size of gift were analyzed. The chi-square met the minimum requirement however, the significance level was .223, well above the required .05. This finding is somewhat unusual since the common belief is that empty nesters are in a better position to give since they should have more disposable income.

Andrew Carnegie believed the burden of philanthropy is the betterment of humanity, the placing of ladders on which the aspiring can arise (Todd, 1996). He had contempt for those who sought to provide vast estates for their heirs and argued that inherited wealth is "bad" for society and "bad" for the beneficiaries. "The man who dies thus rich dies disgraced," he said.

This research discovered that the independent variables related to giving to higher education were that they valued education, were satisfied with their own education, believed that the universities provided a high quality education, and felt the university would use the gifts for its intended purpose.

The analysis of donor characteristics gave a view into the future. The sizes of the gifts were related to the donors ages, incomes, net worths, and alumni status. These variables are interrelated and when combined with demographic information paint a very bright future for higher education fund raising.

Those of us who are involved in higher education have a duty to make sure that we deliver quality education, that our graduates are satisfied with their college experiences, that we add value to the communities where we serve, and that we appropriately administer the resources to accomplish these goals. Universities or colleges must actively communicate these success stories and the quality of the institution. They must remove the barriers to giving such as lack of information, develop creative tax strategies, and provide planned giving that will allay the future financial fears of donors.

Those institutions will have access to resources greater than the riches of Solomon.

Institutions of higher education have an obligation to ask donors for resources. No other institutions have the key to the American dream, that our children will be better off than we were. No other institution can achieve the intergenerational transfer of wealth, culture, and values as successfuly as higher education. Educators must provide the ladder for those able and aspiring individuals.

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Appendix A
DONOR QUESTIONNAIRE
EMPORIA STATE UNIVERSITY FOUNDATION

Since this survey is anonymous, please do not make any identification marks either on the form or the return envelope.
The information will be used to serve better our alumni and friends and to assist the University in understanding the factors related to donor behavior.

Items #1 through #23 ask you to rate the level of impact each item had on your decision to donate, 1 being little or no impact and 5 being the greatest impact.

1. A sense of altruism (i.e. a need to help others).
Little or no impact Great impact
1_____ 2_____ 3_____ 4____ 5_____

2. Belief that the gift made a financial difference to the University.
Little or no impact Great impact
1_____ 2_____ 3_____ 4____ 5_____

3. Recognition that the organization had a financial need that my gift could solve.
Little or no impact Great impact
1_____ 2_____ 3_____ 4____ 5_____

4. Possibility that my name would be immortalized through a building or scholarship.
Little or no impact Great impact
1_____ 2_____ 3_____ 4____ 5_____

5. Persuasion from my peers that my gift would be helpful to the University.
Little or no impact Great impact
1_____ 2_____ 3_____ 4____ 5_____

6. Belief the donation would improve the local community.
Little or no impact Great impact
1____ 2____ 3____ 4____ 5____

7. Feeling of reciprocity to help the University that had previously helped me.
Little or no impact Great impact
1____ 2____ 3____ 4____ 5____

8. Volunteerism done previously at the institution.

Little or no impact Great impact

1____ 2____ 3____ 4____ 5____

9. An association with an employee or officer affiliated with the University.

Little or no impact Great impact

1____ 2____ 3____ 4____ 5____

10. Belief that the donation increased my influence within the institution.

Little or no impact Great impact

1____ 2____ 3____ 4____ 5____

11. The request for the gift by the president or college dean.

Little impact Great impact

1____ 2____ 3____ 4____ 5____

12. The request for the gift by another donor.

Little impact Great impact

1____ 2____ 3____ 4____ 5____

13. The request from the development office for the gift.

Little impact Great impact

1____ 2____ 3____ 4____ 5____

14. Service on the board of directors or on a committee.

Little impact Great impact

1____ 2____ 3____ 4____ 5____

15. The tax benefit derived from the gift.

Little impact Great impact

1____ 2____ 3____ 4____ 5____

16. The economic benefit associated with the gift.

Little impact Great impact

1.____ 2____ 3____ 4____ 5____

17. A sense of urgency for the gift was communicated.

Little impact Great impact

1.____ 2____ 3____ 4____ 5____

18. Competition among donors.

Little impact Great impact

1.____ 2____ 3____ 4____ 5____

19. Belief that my donation would help fund a specific institution, or activity (football, musical groups, etc.)

Little impact Great impact

1.___ 2____ 3____ 4____ 5____

20. My religious beliefs.

Little impact Great impact

1.____ 2____ 3____ 4____ 5____

21. A change in life experience, such as the death of a loved-one or an illness.

Little impact Great impact

1.____ 2____ 3____ 4____ 5____

22. Took advantage of a matching gift offer that was designed to maximize my gift.

Little impact Great impact

1 ____ 2____ 3____ 4____ 5____

23. Participation in a special fund raising campaign.

Little impact Great impact

1 ____ 2____ 3____ 4____ 5____

Items 24 through 28 ask you to rate your level of knowledge or belief. Circle one.

24 My knowledge regarding general facts and mission of the university led to the gift.

Weak Strong

1____ 2_____ 3____ 4____ 5____

25. The information regarding the needs of the university.

Weak Strong

1____ 2____ 3____ 4____ 5____

26. Belief that the university is well-managed

Weak Strong

1____ 2____ 3____ 4____ 5____

27. Belief my gift would be used for the intended purpose it was given.

Weak Strong

1____ 2____ 3____ 4____ 5____

28. Belief the University provides a quality education.

Weak Strong

1____ 2____ 3____ 4____ 5____

Question 29 through 31 ask you to rate your level of agreement.

29. The gift requested was within my economic means.

Low-affordability High-affordability

1____ 2____ 3____ 4____ 5____

30. Value you currently place on higher education?

Low value High value

1____ 2____ 3____ 4____ 5____

31. How satisfied were you with your college experience?

Not satisfied Very satisfied

1____ 2____ 3____ 4____ 5____

Items 32 through 42 ask you to rate your perception of the quality of the following components of the institution.

32. Institution 1____ 2____ 3____ 4____ 5____

Low quality High quality

33. Administration 1____ 2____ 3____ 4____ 5____

Low quality High quality

34. Faculty 1____ 2____ 3____ 4____ 5____

Low quality High quality

35. Students 1____ 2____ 3____ 4____ 5____

Low quality High quality

36. Athletic programs 1____ 2____ 3____ 4____ 5____

Low quality High quality

37. ESU Foundation 1____ 2____ 3____ 4____ 5____

Low quality High quality

38. ESU Alumni Foundation 1___ 2___ 3___ 4___ 5___
Low quality High quality

39. College of Business 1___ 2___ 3___ 4___ 5___
Low quality High quality

40. Teacher's college 1___ 2___ 3___ 4___ 5___
Low quality High quality

41. College of Liberal Arts & Sciences 1___ 2___ 3___ 4___ 5___
Low quality High quality

42. School of Library & Information Management 1___ 2___ 3___ 4___ 5___
Low quality High quality

Demographic Information

Please circle or write your answer.

What is your age?_____

Number of years of formal education completed? _____

Please Circle your current Marital Status:
Married Divorced Single Widow/Widower

How many children/dependents live at home?_____

Are you an ESU alumni?_____

What is your average income for the last 5 years ?

$0-50,000 $50,001-100,000
$100,001-250,000 $250,001-1,000,000
$over $1,000,000

What is your net worth?

$100,000-or less $100,001-250,000
$250,001-500,000 $500,001-1,000,000
$1,000,000-5,000,000 $5,000,001-10,000,000
over $10,000,000

Size of gift?

$50-100	$101-500
$501-1,000	$1,001-2,500
$2,501-5,000	$5,001-10,000
$10,001-100,000	over $100,000

Was your most recent gift a?

Cash gift	Appreciated stocks & bonds
Real estate	A bequest placed in your will