

Exploring The Barriers To Bequests In Wills To Australian Universities

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Abstract

Decreased government funding has placed increasing financial pressure on Australian universities. Currently Australian universities receive 6.6% of all donations (Australian Council of Social Service, 2005) while universities in the United States attract 14% (Department for Education and Skills, 2004). These figures suggest there is considerable room for improvement for Australian universities.

This study used a multiple case study method, involving more than one University, to explore motivations for bequests in Australia. Respondents indicated that tertiary education was viewed as a means to an end, with stronger bonds formed with relevant professional associations rather than the university. Respondents perceived that tertiary institutions failed to engage with and communicate to them.

Introduction

The higher education sector in Australia is under increasing financial pressure, with most universities seeking to enhance income from non-government sources (Schmidt and Peachey, 2003). Student enrolments are predicted to increase from 45% to 60% completing higher education by 2020 (Department for Education and Skills, 2004). Government funding is predicted to further decline suggesting the tertiary sector in Australia will face further financial stress. The percentage of total university income from donations and bequests is 1.3% and declining as a source of income (Australian Council of Social Service, 2005). Australian universities are seen as the 'poorer cousins' of their US counterparts who are generally used as a benchmark for philanthropic behaviours (Hendy, 2003).

Broader considerations, including the differences in the political history, size of population, overall wealth, tax incentives, government support of non-profit organisations and the culture of philanthropy, can affect the comparisons of findings from one country to another (Australian Council of Social Service, 2005; Richardson & Chapman, 2005; Wright, 2002). Currently there are no international standards for the collection, reporting and comparison of giving behaviour data. It is often suggested there is a degree of 'myth making' in the scale of philanthropy giving in the US; however giving in the US is certainly exceptional (Australian Council of Social Service, 2005). Environmental factors mean that Australian higher education institutions need to become more active in sourcing additional funds from non-government sources.

This paper first reviews the literature on the motivation to bequest to tertiary institutions, the methodology used in the research, followed by the results.

Literature Review

“There is a huge literature on why people give, a body of work contributed to by psychologists, economists and sociologists, each with their own disciplinary approaches” (Australian Council of Social Service, 2005 p. 30). Meaningful comparisons across these research streams can be difficult to make, although some key factors can be identified (Australian Council of Social Service, 2005; Richardson & Chapman, 2005; Wright, 2002). To date, the literature associated with philanthropic giving behaviour and the motives behind it has identified a number of critical variables that assist in the identification of potential donors (see Table 1).

Table 1: Variables Associated with Identification of Potential Donors

Variables	Key studies
Altruism	Sargeant & Hilton, 2005; Australian Council of Social Service, 2005; Lindahl & Conley, 2002
Psychic satisfaction	Harrison, Shannon & Peterson, 1995
Demographics and the psychological aspects including gratitude	Sargeant & Hilton, 2005; Sun, 2005; Okunade, 1996; Richardson & Chapman, 2005
Respect for and support of the organisation	Richardson and Chapman, 2005; Ashton, 1991; Sargeant & Hilton, 2005; Australian Council of Social Service, 2005
Preservation of family wealth	Chang, Okunade & Kumar, 1999; Auten & Joulfaian, 1996; Sargeant & Jay, 2003; Sargeant & Hilton, 2005
Alumni affiliation	Heckman & Guskey, 1998; Sun, 2005; Sargeant & Lee, 2001; Australian Council of Social Service, 2005
Student experience and integration	Quigley, Bingham & Murray, 2002; Sun, 2005; Ryan, 1997
Career accomplishment	Sun, 2005; Heckman & Guskey, 1998

Motivations for gift giving have also been identified with tax incentives (Auten & Joulfaian, 1996; Brown, 2004; Ryan, 1997; Wright, 2002) and a need to live on (Adby & Farmelo, 2005; Harrison, Shannon & Peterson, 1995).

Most of the research currently available has focused on giving during the person’s lifetime rather than philanthropic bequests in people wills (Chou, Jordon & Kilpatrick, 2004; Sargeant & Hilton, 2005;) leaving the issue of the motivations behind bequests to non-profit organisations unanswered (Sargeant & Hilton, 2005; Sargeant & Jay, 2003). This body of research has focussed on the USA (Chang, Okunade & Kumer, 1999; Harrison, Shannon & Peterson, 1995; Lindahl & Conley, 2002; Okunade, 1996; Quigley, Bingham & Murray, 2002; Ryan, 1997; Sun, 2005), the UK (Adby & Farmelo, 2005; Brown, 2004; McGranahan, 2000; Sargeant & Hilton, 2005; Sargeant & Jay, 2003; Sargeant & Lee, 2001) and Canada (Richardson & Chapman, 2005). Research on giving behaviour in Australia is very limited, with the most extensive and recent research undertaken in 2005 for the Australian Government (Australian Council of Social Service, 2005). The ‘Giving Australia’ project looked at the giving of time and money to non-profit organisations (Zappala and Lyons, 2005). Our exploratory Australian study on donor motivation and bequest giving empirically addresses an area for which little Australian research exists. This research specifically investigates the motivation and determinants for bequests willed to higher education.

Method

The methodology chosen for this research was a qualitative multiple case study using within-case and across-case analysis (Yin, 2003). To maximise the opportunity for comparable analysis, purposeful sampling was used in the recruitment of participants (Patton, 2002) to ensure a more holistic view was obtained as recommended by Sun (2005). The study was designed to explore the factors that may motivate individuals (see summary of case study participants in Table 2) to leave a bequest in their will to a university. The questionnaire included 33 semi-structured, open-ended research questions developed from the literature. The average duration of the six interviews was seventy five minutes.

Interviews were transcribed and analysed. The analytical techniques used in this research followed a staged approach proposed by Patton (2002) and also described by Yin (2003). Each step was systematically addressed: transcription of the interviews and analysis of responses into units or categories, which were linked into coherent themes for final comparison across all the interviews.

Table 2: Case Study Participants – Profile

Gender	Academic Qualifications	University¹	Profession
Female	Bachelor of Pharmacy	University A	Owner/ Manager Pharmacy
Male	Bachelor of Physiotherapy	University A	Owner/Manager Physiotherapy practice
Male	Bachelor of Laws	University B	Part-time Secondary School Teacher
Female	Bachelor of Arts Bachelor of Education & Master of Educational Studies	University C (overseas) University A	Director - College (College name withheld to ensure anonymity)
Male	Bachelor of Business	University B	National Human Resource Manager – Retail Stores
Female	Currently completing MBA	University B	National Sales Manager Children's-wear Clothing Manufacturer

The six participants in the study represented a range of different industry sectors and educational disciplines. Five of the six participants held post-graduate qualifications and one was currently completing an MBA degree. For ethical reasons the identity of the respondents will remain confidential.

Results

A number of key issues emerged following data analysis. Respondents viewed tertiary education as a means to an end rather than the formation of a relationship with the degree-granting institution and stronger bonds to professional associations were evident. Key reasons for these allegiances may have been a result of tertiary institutions inability to meaningfully engage with and communicate to students. The impediments to successfully

¹ Universities A and B are Australian Universities

engaging with students were the competing demands faced by students seeking to balance University studies with work and family commitments.

Allegiances: Professional or Academic?

Strong indications emerged from the interviews that the majority of respondents viewed their university education as more of a material process, or 'a means to an end' rather than the formation of a relationship. As one respondent remarked "did it and went, without getting a great feel for the alumni, and my school...I didn't feel a great connection with it ...it educated me". One part-time student in particular highlighted his sense of disassociation "I never got the opportunity to become part of university clubs and unions...I guess I was not considered one of their ilk". Almost all the respondents saw their tertiary education tenure as an essential requirement of their current or future professional development – and little more. Interestingly, and in contrast to the lack of alumni engagement with their university, a minority of respondents identified more strongly with their professional bodies and associations, an affiliation in some cases formed and subsequently developed during their educational tenure. One respondent suggests her future professional organisation played a greater role in student relations than that of her academic unit at the time "the [organisation] organised speakers to come and talk to us about future careers...". The nature of relationships between students, lecturers, work and family in the competing demands on available time and effort seem to be more solidly linked to career preparation or the pursuit of the pragmatic rather than to a strong link with the university, even though the university may have provided the mechanisms for the career preparation. As one respondent remarked, "I wouldn't put it in a 'life changing' class... [but] hey, this turned my career around and allowed me to go into a direction that was probably better suited to me". This strong professional affiliation appears to be the primary motivation behind one respondent's ranking of possible bequest considerations, "... [industry association]; if they approached me, I feel I have a connection with them...but the university: not really".

Barriers to Bequest Giving

Responses revealed that many of the respondent's universities and, often, their respective departments, not only failed to actively and effectively market their alumni associations during their study tenure, but also failed to meaningfully engage students in any extra-curricular activities, as illustrated by the following comment, "...they were never involved in [our professional field] as a practice, so that's how the university lost us...[so] when it comes to doing a bequest...the university's not one of the first places you think of...". The impact of this lack of engagement has had a dramatic influence on the way the respondents relate to their institutions, and on their acknowledgement of any degree of commitment to the institutions bequest programs.

Many of the interview respondents revealed that 'meaningful' contact lacked in their tertiary and post-graduate associations. The alumni least likely to consider a bequest are those without direct affiliation with the university, "I'd need to feel engaged with the university to leave a bequest...the university...needs to stay engaged with it's alumni...". Many suggested that apparently minimal effort had been expended by their university or its alumni association in maintaining any prolonged contact, let alone actively-engaging a relationship with them, "Well I used to get information, then I never got information any more, and I just 'withered on the vine' as it were...ceased to contact...". Others indicated

that, given such a prolonged lack of engagement and contact, any renewed attempt by their university to reach out to its alumni would be met with some scepticism, “[as] this was the first contact I’d had with them...I was a bit cynical about it, I thought they just came outright and asked for a bequest...and I thought, I really wanted to be more in contact with the university”. In an effort to establish which key factors within an institution’s soliciting program might influence the giving behaviour of alumni, a range of communication tools, including newsletters, emails and project/research reports, was discussed in the interviews. Paradoxically perhaps, it was difficult to establish the most appropriate media channels and the frequency of communication required to establish and maintain relationships with alumni, let alone identify ‘best practice’ for bequest solicitation. In short, none of the respondents stated unequivocally a preferred communication mode, or what style, channel or frequency was the most appropriate.

Some full time students found it difficult to balance family responsibilities and the demands of university life. Competing commitments have a role in an individuals’ ability to fully engage with a University. Respondents indicated that apart from being focused on the outcomes of their educational process, they were also necessarily coping with the pressures of family and daily life, in addition to their study commitments, “you’ve got a family, you’ve gotta work...you’ve gotta study...it was...very, very full-on, stressful...”. Therefore, it seems inescapable that such life demands on some students can crucially affect their ability to engage fully in the activities which might otherwise help build relationships between the university and its alumni.

Conclusions and Future Directions

This Australian exploratory study has provided some valuable insights into the factors that may motivate alumni to leave bequests in their Wills to universities. We anticipate that the findings from this study will encourage further investigation of this relatively unexplored research area. Early engagement and integration of students into the institute’s environment coupled with effective marketing of both the alumni association and the university are required to motivate bequests. Some of the factors identified in this study, like the priority ascribed by almost all respondents to their own family’s future financial security, are unlikely to be easily influenced or changed by university marketers. Other factors, such as attempting to identify exactly what kind of marketing communications and in what medium could have a potentially beneficial, as opposed to detrimental, effect, invite further exploration. Strong preferences for welfare organisations over universities was noticeable, and highlighted the need for improved fund management, greater transparency and more tailored communication outlining end use. However, it seems overwhelmingly clear that universities can and must do more to engage and involve students from the earliest days of their tenure, then maintain that contact, either directly or through industry affiliations, throughout the alumni’s career. In conclusion, this area of research offers a wealth of opportunity, not only in terms of scientific enquiry, but also as a valuable and meaningful resource for universities.

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