Division-6 / Proposal Number-6058
Policy, Finance, and Economics

Title of Proposal
In 'alma mater' we trust? Exploring attitudes towards institutions and alumni giving

Abstract
Trust is important to nonprofits yet has not been explored in higher education. Using data from a population-based experiment (n=1621), we explore the relationship between trust and giving. We found that trust has larger predictive power than demographics when looking at prior giving and perceived importance of a cause.

Format
First Choice: F01- Research Paper
Second Choice: F02- Roundtable
Third Choice: F04- Poster Session

Content
Introduction
The cost for higher education in the United States continues to increase beyond inflation (Ehrenberg, 2012; Hemelt & Marcotte, 2011). Colleges and universities have responded with tuition discounting programs that are becoming more and more reliant on philanthropic donations (Hillman, 2012). Institutions are devoting more and more of their annual fund, unrestricted giving to term scholarships (Kaplan, 2012).

Alumni giving accounts for the largest percent of voluntary support to higher education, it totals 26% of financial giving to higher education in 2013 (Kaplan, 2014). Understanding that alumni contribute over a quarter of philanthropic dollars to higher education, there is a need to better understand what motivates alumni giving and increases their propensity for giving. One understudied aspect is the relationship between trust and giving within American higher education.

Literature Review
Mayer, Davis, and Schoorman (1995) define organizational trust as “the willingness of a party to be vulnerable to the actions of another party based on the expectation that the other will perform a particular action important to the trustor, irrespective of the ability to monitor or control that other party” (p. 712). In other words, within a fundraising context, that donor is willing to believe that their alma mater would spend their donation as they have asked, even though they cannot be sure of that being the case. Sargeant and Lee (2002) argue that “trust lies at the heart of charity” and that even the term trusteeship – the ultimate governing process within higher education – “imposes moral, ethical and legal obligations upon individuals to act selflessly in holding assets, resources and the aspirations of others ‘in trust,’” (p. 68).

The vast majority of literature on trust with respect to philanthropic giving is from outside of higher education. Burnett (1992), Saxton (1995), and Sargeant (1999) all found that trust plays a pivotal role in relationship fundraising. Burnett (1992) and Sargeant (1999) found trust can affect a donor’s willingness to give a higher sum and to give a subsequent donation. While Saxton (1995) had additional found that trust impacts the decision to become a donor in the first place. Sargeant and Lee (2002) found with in the British nonprofit sector that donors place significantly more trust in organizations than non-donors. Further, they found that among non-donors, respondents were not convinced that their donations would actually be spent on or impact their intended beneficiaries or cause. In a follow-up study, Sargeant and Lee (2004) found that trust has a significant impact on commitment to a nonprofit organization.
The Brookings Institute found that when age and education/income are examined together, young, college educated Americans have the greatest confidence (or trust) in charitable organizations (Light, 2002). However, Light (2002) cautions that his study is limited in that it is impossible to determine whether it is age or education/income that is the primary determinants of confidence in charitable organizations.

Within the higher education fundraising literature, trust has been explored in the qualitative work of Gasman and Anderson-Thompkins (2003) and Gasman and Bowman (2013). In both of these works they find that trust was an important factor in the philanthropic decision making of underrepresented minority alumni. However, there findings were related to African American giving to church related causes and make a loosely coupled argument towards the impact of trust on giving towards higher education.

Purpose

In this paper we empirically assess the impact of trust on donor behavior and attitudes. In particular, we seek to determine the ability to use trust as predictor for giving and to better understand trusts impact on measures of giving. The paper also explores trust in institutions of higher education through open-ended responses.

Data & Methods

To address the study objectives, we used data from The National Alumni Giving Experiment conducted in 2014 (n=1,621). Respondents were recruited and paid via Amazon’s Mechanical Turk (MTurk), a popular crowdsourcing site that is increasingly used by behavioral science researchers. Researchers have concluded that although the MTurk sample does not perfectly match the demographic characteristics of the U.S. population, it does not present a distorted view of the U.S. population (Berinsky, Huber, & Lenz, 2012). For this study, only respondents with an academic degree from a four-year institution in the United States were allowed to take the survey. The analytical sample includes only respondents who graduated before 2013, as they were a part of at least one full fiscal year of annual fund solicitation. Slightly more than one-third (33.5%) of the respondents are donors to their alma mater.

The National Alumni Giving Experiment evaluates attitudes toward a fictitious solicitation letter sent by the alma mater of the respondent. Respondents were assigned to read two of four possible, where each letter described an individual student exhibiting unique merit or need. Characteristics of the fictional individual and her or his profile were randomly varied across respondents (Appendix A). Questions following the solicitation letter elicited respondents’ views toward the cause described in the letter and likelihood of donating money for this cause.

Key Variables

To measure trust, respondents were asked, “Thinking about your undergraduate college or university, how much trust do you have in the institution to spend your donation as you have directed?” with the scale ranging from 1 = “no trust” to 5 “full trust.”

To measure donor status, respondents were asked, “Have you ever donated money to your undergraduate college or university?” Respondents who answered “Yes” were coded 1 and others were coded 0.

To measure the perceived importance of the cause described in the letter, respondents were asked, “How important is this fundraising priority to you?” with the scale ranging from 1 = “not important at all” to 5 = “very important.”

Respondents Characteristics

The analysis includes a series of controls for gender, young alumni status, race/ethnicity, sexual orientation, attainment of a professional or graduate degree, income, first generation status, and political ideology. Table 1 presents definitions, metrics, and descriptive statistics for all variables included in this study.

Team-Based Qualitative Data Analysis

For our open-ended questions we employed team–based data analysis (MacQueen, et al., 1998). Revising their strategies for our study, each team member read through the open-ended responses at least once, taking notes on general impressions and themes. We developed deductive codes that were based on the various interpretations of prior literature and inductive
codes based on emerging themes identified through open-ended responses. Each member of the research team used the codebook to apply to all of the open-ended questions in the dataset. This increased the likelihood of consistent application of all codes.

Findings

Quantitative Findings

We begin with examination of trust and its predictors. Recall that respondents were asked how much trust they have in their undergraduate college or university to spend their donation as they have directed. Slightly more than two-fifths (41.1 percent) of the respondents expressed high level of trust in their undergraduate institution ("full trust" and "a lot of trust"), and approximately one-third (34.3 percent) expressed low level of trust ("little trust" and "no trust"). The rest, slightly more than one-third (34.3 percent), used the middle category of "some trust."

Table 2 presents the OLS coefficients of socio-demographic background and experimental conditions predicting the outcome variable trust. We find significant effect for young alumni status, race, LGBT status, and education (graduate degree). Alumni who graduated at least ten years before the survey express higher level of trust than young alumni. Racial minorities, except Latinos, express higher level of trust than White respondents. Respondents who self-identified as LGBT express lower level of trust than other respondents. These patterns hold even after controlling for education, income, and political ideology (Models 2 and 3). As for education, respondents holding a graduate-level degree express higher level of trust than others. Model 4 introduces the experimental conditions of the vignette. We find no effect of the vignette on the level of trust in undergraduate institution. Adding the experimental conditions does not significantly alter the effect of socio-demographic variables on trust (Model 5). The adjusted R2 is relatively low (.036), which means there are other factors that explain the variability in trust.

The next set of analyses examined the effect of trust on three measures of alumni giving: (1) self-reported giving to the institution in the past; (2) perception of the importance of the cause described in the experimental vignette; and (3) expected giving to the cause described in the experimental vignette.

Table 3 presents results from logistic regression predicting whether respondents ever donated to their undergraduate institutions (1) or not (0). Model 1 shows that young alumni status, race, graduate education, income, and first generation status have a significant effect on the likelihood of donating to undergraduate institutions. Racial minorities, respondents holding a graduate-level degree, and respondents with higher income are more likely than others to donate to their undergraduate institutions. Young alumni and respondents who are first-generation students are less likely than others to donate.

Model 2 introduces the independent variable trust. The coefficient is positive and significant, for each increase in one unit of trust, the likelihood of donating increase by a factor of 2.16 (exponent (.77)). Given the patterns in Table 2 (above), it is not surprising to see that once we control for trust, the size of coefficients for race and graduate-level degree shrink significantly. That is, the coefficient for African American reduces by 40 percent (from .72 to .44), and the coefficient for graduate-level degree reduces by 20 percent (from .43 to .35).

Trust in undergraduate institution matters not only for self-reported giving, but it also matters for responses to the fictitious solicitation letter (i.e., experiment). As our interest lies in the relationship between trust and the responses to the experiment, we present only the estimated coefficient of this variable whole, omitting those of the other control variables (i.e., socio-demographic background and experimental conditions). Table 4 presents the OLS coefficients of trust on the perceived importance of the cause described in the solicitation letter. Our models suggest that trust in undergraduate intuitions has positive and significant effect on perceived importance of the cause. This pattern holds after controlling for various controls. Using the standardized coefficient form (β), we find trust has the largest effect on the outcome. Each increase in one standard deviation of trust is associated with a .42 standard deviation in the perceived importance of the cause described in the vignette.

Qualitative Findings

Seventy-one survey respondents spoke about trust in in their open-end responses. Four themes emerged within this set of responses: (1) Lack of trust that the money will be spent as designated; (2) Lack of trust/confidence in how the institution spends current funds; (3) Distrust in the solicitation; and (4) a general mistrust in the institution. In the complete paper further examples will
be drawn upon. However, given space limitations, only a few responses for each will be given now.

Lack of trust that the money will be spent as designated

This was by far the largest theme that emerged. One respondent wrote that they would consider donating only “know that it [the gift] would be put to student use and not used to line someone’s pocket instead.” The concern that gifts would line other’s “pockets” emerged a number of times, with another respondent saying they would never give a gift because “there is no guarantee that the money would ever make it into a scholarship and not into the pockets of the few who benefit from the business.” Some respondents were so concerned that they could not trust the allocation of their gift that they would only “maybe (maybe) [give] if there was a dollar-for-dollar accounting that showed where what I gave would go; [then] I’d be a little more persuaded.”

Lack of trust/confidence in how the institution spends current funds

The second most prevalent theme that emerged was surrounding the general use of institutional funds. Respondents questioned the use of funds to build new buildings, pay high administrative and faculty salaries, and treatment of endowments as “hedge funds.” One respondent noted, “I would be more encouraged to give a gift to my university if they used the money they already had more wisely.” While another respondent stated that “with how corrupt higher education is these days, I would feel more comfortable giving a donation to a nonprofit or institution not affiliated with a University that distributes money to needy students.”

Distrust in the solicitation and General mistrust in the institution

The last two themes that emerged were the smallest, but nonetheless had multiple respondents mentioning them. The first was that some respondents did not even believe that the story in the solicitations vignette would be true. One respondent poignant stated “Juan’s story compels me more [to give]—assuming it’s true.” The second pointed a general mistrust in the actions of the university that weighted into the decision making of alumni when it came to giving. For example, one respondent commented, “They [the university] made promises that they did not live up to, and until they treat everyone equally and deliver on the promises they make, I cannot give funds to them.”

Discussion and Implications

We found that trust has larger predictive power than demographics when looking at prior giving to one’s alma mater, and perceived importance of a cause. The results of the analysis suggest that a coordinated attempt to bolster alumni trust in their alma mater and how it spends donations may encourage significant numbers of additional individuals to give and those that already give to give more. More specifically, from the open-ended responses, we believe that institutions should consider educating about how donations are tracked and enhance stewardship of donors so that they know how their monies have been used. If implemented, these suggestions would all likely to have a positive impact on trust, and therefore giving. In the full paper, we will extend this analysis to additional outcome variables such as perspective giving for the cause described in the letter (experiment). Using multinomial logistic regression models, we will assess the effect of trust on the likelihood of giving (versus not) and likelihood of giving compared to prior giving (i.e., same, more, or less).

Attached File

ASHE 2015 Trust Tables.pdf

Reference(s)


