THE OUTCOMES OF BOARD INVOLVEMENT IN FUNDRAISING

AT INDEPENDENT, FOUR-YEAR COLLEGES:

AN ORGANIZATION THEORY PERSPECTIVE

By

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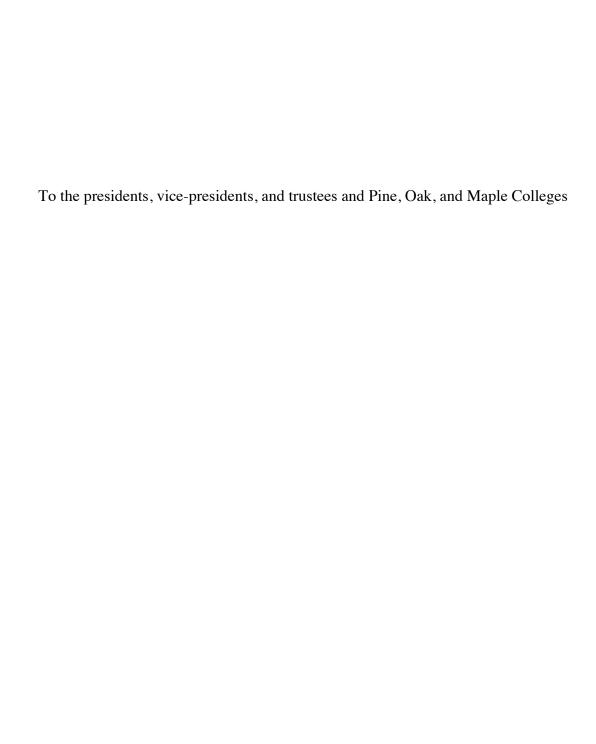Nashville, Tennessee

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To the presidents, vice-presidents, and trustees and Pine, Oak, and Maple Colleges

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INTRODUCTION

"'Management may be extremely difficult and important even though managers are indistinguishable,' [Jim March] writes. 'It is hard to tell the difference between two different lightbulbs also; but if you take all the light bulbs away, it is difficult to read in the dark.'" (Collingwood, 2009)

Introduction

Within the realm of higher education research, the role of the board of trustees is poorly understood and given little theoretical attention. Despite the legal importance of the board, the attention paid to it by scholars has been minimal. It is rather like a poorly-lit street. What light there is comes from small lamps that allow practitioners to see a small clear space around them, but no light powerful enough to show the way ahead or to read the signs of major intersections is available. Many of the streets it intersects with are just as dark – while the presidential boulevard has some powerful lamps, the fundraising street has only one or two shops that are glaringly lit, while the rest of the street must be navigated by feel and tacit knowledge of where the potholes are. This dissertation is an attempt to add some small light to the intersection where the board and fundraising meet so that we can see not only the potholes but also a plausible path ahead.

This dissertation examines the effects of board involvement in fundraising at private, four-year colleges. While frameworks from organizational theory are utilized as guides, all these theories have assumptions about non-profit boards of trustees that are somewhat problematic. They are used as templates to guide the research rather than as hypotheses to be tested. Despite their shortcomings, these theories are not simply set up

as straw men; no widely accepted theory of the purpose and nature of not-for-profit boards exists. Indeed, this theoretical diversity is mirrored by boards themselves.

But first, what is a board? Boards of trustees are the ultimate authority in a not-for-profit organization, at least from a legal perspective. The existence of boards is mandated by the states, which are the primary regulators of not-for-profits, and all states require boards of at least three members; in some states, they must be outside directors (that is, not employees or managers of the organization) (Flynn, 2006). Boards have a legal responsibility, called "fiduciary responsibility," to the public, but this idea is "notably elusive as a concept" (Fishman & Schwarz, 2000, p. 152):

> Because of the generality and imprecision of many fiduciary norms, the vulnerability of many beneficiaries to misconduct by fiduciaries, and the difficulty of applying such standards to concrete guides for behavior, judicial opinions interpreting and applying fiduciary rules sounds like sermons. … This elevated language provides little concrete guidance to a director of an organization. (Fishman & Schwarz, 2000, p. 153)

Fiduciary duties, which apply to both the individual members and the board as a whole, consist of the duty of care and the duty of loyalty. Duty of care requires board members to "attend meetings, participate in decisions, and to be reasonably informed on matters of decision making" (Howe, 2002, pp. 34-35). Duty of loyalty "requires [board members] to act in a manner that does not harm the corporation" and "to avoid using their position to obtain improperly a personal benefit of advantages which might more properly belong to the organization" (Fishman & Schwarz, 2000, p. 190). Breaches in the duty of loyalty tend to be more common and easier to identify than those in the duty of care (Fishman & Schwarz, 2000).

The law, however, only provides a starting point for understanding the role of not-for-profit boards, not a stopping point. Just as we cannot encompass a for-profit CEO's

duties by defining them as "compliance with the Sarbanes-Oxley act," we cannot delimit a board's responsibilities to the minimum legal obligations. In practice, board members may not comply with their legal duties, or they may go beyond them. Boards are often perceived as the public face of a not-for-profit (Duryea & Williams, 2000; Flynn, 2006), for example, although this is not a legal obligation. Conversely, one dissertation examining colleges supported by a particular church found that their trustees tended to agree on their responsibilities, and they did not number financial decisions among them (Gaona, 1992). Moreover, these legal requirements are too vague to operationalize. How many board or committee meetings can a member miss before he or she fails the duty of care, for example? Can boards merely hire and evaluate presidents and leave everything up to those same presidents? Or do they have a duty to make sure the administrative assistant in the admissions office is not spending too much money on the wrong brand of office supplies? While almost everyone would draw the line somewhere in between these extremes, the law itself does not have an answer. "A purely legal solution to guaranteeing the fiduciary responsibilities of … not-for-profit boards is not only unattainable, but undesirable" (Flynn, 2006, p. 14).

We must turn our attention from the legal realm, then, to other theories of what boards do. These are notoriously few. Most work on "governance," both academic and practitioner-oriented, pays little attention to boards and instead focuses on paid administrators, particularly the president. The result is that we have a poor grasp of what boards are supposed to do (other than hire presidents) and an ever poorer grasp of boards actually do (other than in a few cases of spectacular organizational failure, such as the

case of Adelphi University (Lewis, 2000)). Truly scholarly work intended to understand and model board functioning is particularly rare:

> Most of the literature on nonprofit board governance is normative rather than explanatory: it prescribes rather than describes behavior. This means that scholars have not explicitly detailed the theoretical assumptions underpinning normative assertions about how a board ought to behave (J. L. Miller, 2002, p. 430).

Most of this normative work is aimed at the "effective board member." Effectiveness is rarely defined, but when defined it tends to be with regards to board processes, not to institutional outcomes. Good boards are defined as those that deal follow an agenda, allow healthy discussion but not conflict, have the appropriate committees, and evaluate the president regularly. One respected scholar proscribes six practices for board accountability:

> They include setting clear expectations and standards for the group and for its members, actively using policies regarding conflicts of interests, identifying and staying focused on priorities, maintaining strong two-way communications directly with constituency groups, conducting assessments of meetings and board performance, and experimenting intentionally with new approaches to their work (Holland, 2002).

This all sounds eminently reasonable, but none of it tells us what boards ought to achieve. The emphasis on process, while frustrating, is easy to understand. Boards make very few decisions that unambiguously lead to measurable outcomes. Moreover, many decisions the board formally makes are not initiated by the board but by the president or other senior leadership; the board merely ratifies. Furthermore, even when an idea originates with a board, the loose coupling of educational institutions means that credit and blame must be parceled out up and down the institutional hierarchy. A board of directors can create policy but does not actively implement it. Of course, even when outcomes are measurable, whether the board did the "right" thing may not be easily

decided. A plan to reduce student cheating may be unanimously considered a good idea, but what about a decision to become co-educational? We can readily observe whether in fact co-education occurs. We can even measure student and alumni satisfaction, or changes in application rates and alumni giving. But whether an institution should trade a fundamental tenet of its mission for prosperity is a moral decision, not an empirical one. By evaluating boards on their means and methods, we evade the entire issue of appropriate ends. This is not to argue boards should ignore processes, or that processes should not be considered when evaluating boards. Nevertheless, confusion between ends and means is already rife among boards (Carver, 1997), with the latter substituting too often for the former.

In sum, evaluating outcomes is difficult. Some scholars have suggested that there is, in fact, no such thing as objective effectiveness, that effectiveness is simply a collection of varied stakeholder judgments, and that each stakeholder uses different criteria (Herman & Renz, 1997). This thesis perhaps overstates the difference in criteria used; finding one outcome highly salient does not necessarily rejecting others. For example, an alumnus for whom athletic performance is paramount does not necessarily object to the notion that graduation rates also matter. It also does not allow for expertise, as it holds all stakeholder judgments to be equally worthy. But it points to the difficulties in deciding what effectiveness is. Nevertheless, whether or not there is any objective merit to them, there is a set of generally used criteria for evaluating boards. These include hiring and firing CEOs, making financial decisions, and raising funds. The most visible decision a board makes is the choice of a new president, and perhaps for that reason the board/president relationship takes up a substantial portion of the literature. As

presidential tenure averages six years, this is a decision that boards rarely make, however. In between, boards make financial and mission-related decisions; review (and sometimes rubber-stamp) the decisions of staff; fundraise; and cheer on or evaluate the president. Not all of these activities are heartily approved by board scholars or by those who take a normative approach to guiding boards. The normative literature suggests that boards should tackle big, mission-related problems and delegate trivia to the staff; that they should be supportive yet critical towards the CEO; and that they ought to leave most academic decisions to the faculty. Some of these notions probably have an underlying logic rooted in the purpose of boards as codified in law – after all, if it truly takes a staff of hundreds to run an institution, a board simply does not have enough time to micromanage that work, nor does their theoretical place at the head of the organization chart suggest they should. But why should boards stand back from any academic decision, no matter how mission-critical? Here it seems likely the answer has to do with deference to another professional group (the faculty) and an unwillingness to train board members to a task their business experience (often) does not prepare them for. Proscriptions for better boards tend to be caught between a desire for reform and the weight of tradition, but few articulate a theoretical role that would allow for navigation between these two forces, let alone escape from them.

There is an obvious gap here for work on boards in terms of what boards actually do, not what they "ought" to do. Do boards in reality occupy the same place they do on the organizational chart? What kinds of institutional activities do they have the most influence over? One of the few research teams that has studied boards in a truly scholarly way is the work of Chait, Holland, Ryan, and Taylor (Chait, Holland, & Taylor, 1991,

1996; Chait, Ryan, & Taylor, 2005; Holland, 2002; Holland, Chait, & Taylor, 1989; Taylor, Chait, & Holland, 1991). Their approach to studying boards is similar to a grounded theory approach; they began with studies of what boards do and from there develop a theory. This dissertation is similar, albeit on a smaller scale, and with less comfort in moving toward prescriptions.

Rather than tackling all aspects of governance at once, I focus on fundraising. Unlike some areas of governance, such as academic affairs, in raising funds board members tend to take an active, hands-on approach. Boards members are expected to make donations, usually sizable ones, and to ask others to do so. Boards usually have a fundraising committee, and board members may be actively involved in institutional fundraising campaigns outside the formal board structure. Studying an area where the board has a direct effect allows me to test a highly visible activity that is more tightly coupled than many other institutional activities that a board has the purview of. Additionally, it allows me to see the "best case" for board involvment. I also hope to take tentative steps toward building a model for the functions of boards.

Given the diversity of the higher education sector, it would be impossible to cover all types of boards in a treatise of this size. Boards of for-profit institutions have different legal responsibilities and concerns than public or not-for-profit boards. Boards of not-for-profit and public institutions differ as well. (Kezar, 2006). The boards of public colleges and universities vary widely. Some are appointed; others are elected by citizens. Some govern individual institutions; other govern state-wide systems. Most are subject to reconfiguration when political winds change. Further, public boards differ from those of private, not-for-profit institutions even if they are stable and govern single institutions;

their external dealings are more with legislatures and governors and less with donors. While not all private boards are the same, on the whole they are much more similar to each other than are their public equivalents. The majority of their members are chosen by the board itself, with advice from the president. Very few oversee multiple campuses, and even fewer have unusual structures. The few exceptions include Harvard, which has a bicameral board, and Dartmouth, which has a significant portion of its membership chosen by alumni. Nevertheless, even within private institutions, boards vary just as the institutions themselves do. A large university with selective admissions faces different challenges and issues than does a small vocationally-focused regional college. This affects everything from what appears on meeting agendas to how easy it is to bring the trustees to campus. Because of these differences, this dissertation limits itself to considering smaller colleges, in particular members of the Council of Independent Colleges.

There is still variation within this group – the member colleges are elite and local, church-run and secular, offering liberal arts and vocational curricula, with widely differing histories. A few have graduate programs. Nevertheless, all focus on undergraduate education, and even the prestigious CIC members face a more precarious financial existence than do the top research universities. At all of these colleges, small changes in enrollment can make a large difference in the year's budget. While all fundraise, few have any significant endowment. They represent a distinctive type of institution – the small, independent college that must carve out a unique niche, whether defined by geography, culture, or curriculum, to survive. Moreover, these institutions tend to receive the least scholarly attention. Public institutions are studied not only

because they serve the majority of students but because laws mandate levels of disclosure that make them readily accessible to scholars. Big research universities, whether public or private, are the home of most higher education scholars, and we as a culture are fascinated with the Ivy League and other top-ranked universities. This leaves small, private colleges ripe for study.

Overview

Chapter II reviews the relevant literature. It establishes that there is a literature gap in the area of the dissertation and reviews what variables are known to influence fundraising success.

Chapter III outlines the methodology and data used. The quantitative analysis (chapter IV) uses one of the very few sources of quantitative data available on boards of trust, the Council of Independent Colleges/Council for Advancement and Support of Education (CIC) survey. The only comprehensive collation of board data is the Association of Governing Boards, but that data is not available for public use. Much like the CIC data, however, it focuses on structural components; unlike the CIC data, its focus is not on fundraising. The CIC surveys, which are conducted every few years, ask questions about alumni relations, fundraising, marketing, communications, and enrollment management. Questions related to the board of trustees are primarily structural in nature. In 2006, the 555 private, not-for-profit colleges and universities that were members of CIC were surveyed, with 274 responding. The data collected were for the 2004-2005 academic year. Additional data on institutional characteristics is from the National Center for Education Statistics' IPEDS dataset and the Council for Aid to Education's Voluntary Support of Education survey (VSE). IPEDS data are collected

annually from all institutions of higher education in the United States; the data used here are from the academic years following the CIC surveys. Thus, for example, the 2004-205 CIC data is matched with IPEDS data from 2005-2006. The VSE is conducted annually, at a considerably lower response rate than IPEDS, and is focused on fundraising. The quantitative analysis predicts fundraising performance based on variables that past research has shown affect fundraising (for example, institutional age). Then it asks, to what extent do board factors predict under- or over-performance? Chapter II also discusses the methodology of the qualitative case studies (Chapter IV), which examine three CIC-member institutions in the Southeast. Data for these consists chiefly of interviews.

In chapter IV the results of the quantitative analysis are laid out. The major improvement this chapter offers over previous work is that the historical data allows for the time-order requirement of causality to be met. Too much previous work has been cross-sectional, not allowing authors to make claims about whether X caused Y or vice-versa. In one study, for example, the authors write

> Overall, we find a significant statistical association between the presence of major donors on the board and indicators of organizational efficiency … Nevertheless, a caveat is in order here given the cross-sectional nature of the regressions. Causality is always an issue—major donors may be the cause, or, alternatively, major donors may be drawn to more efficient organizations (Callen, Klein, & Tinkelman, 2003, p. 515)

Another possibility, not as frequently discussed, is joint endogeneity – both efficiency and increased donations may be caused by another factor not included in the study (Hermanlin & Weisbach, 2003).

Chapter V discusses the three case studies of individual CIC-member institutions. This chapter examines how board members are involved in fundraising and what they

perceive their role in it to be. Case studies are the method of choice when a topic or mechanism is poorly understood (Yin, 2003). Boards of trust fit this description. Moreover, good quantitative data for large-scale studies is hard to come by. In this lacuna, individual case studies that closely examine a handful of institutions allow the researcher to test a wider range of theories. All institutions examined are ones that have not recently faced a crisis or a change in president but are operating under "normal" circumstances. Due to the confidential nature of the CIC data and the sensitive nature of the topic, the institutions were not be chosen directly based on regression results. Site selection was complicated by the need to interview not only busy individuals but people rarely on campus. Thus, convenience and willingness to participate played an important role in choosing colleges. The data for each case are based on interviews with board members, including the chair and members of the fundraising committee, and with the director of development. Materials gathered include annual reports, board minutes, and committee minutes. Interviews were open-ended, with questions developed based on the conceptual frameworks and the results of the quantitative analysis.

Chapter V brings together the previous chapters. Taken together, what do the quantitative and qualitative results show? The results are briefly summarized before moving on to policy and theoretical implications as well as suggestions for future research.

CHAPTER II

REVIEW OF THE LITERATURE

"This writing, however, has been fragmented, noncumulative, and frequently downright

confusing."(Cameron & Bilimoria, 1985, p. 101)

Introduction

In this chapter, I review previous work on boards, dividing the literature into

historical, descriptive, normative, and empirical. While attempting to be comprehensive

in all of these areas, I delve more deeply into critiques of the empirical literature. Next, I

give a brief overview of the fundraising literature. The chapter ends with an examination

of the limited literature at the intersection of nonprofit boards and fundraising.

Because this research focuses on private colleges, I attempt to be comprehensive

in my coverage of research on private, not-for-profit college and university boards of

trustees, although some older sources may be omitted. These consist chiefly of purely

descriptive reports on topics such as board composition that contribute little to our

theoretical understanding. Most of the work on public colleges and universities is

included as well, except where it is inapplicable to private education. For example,

research examining the effects of multi-campus boards or the merits of selecting trustees

by gubernatorial appointment versus election take up challenges that are not relevant to

their private equivalents. Similarly, I strive for comprehensive coverage of research on

nonprofit boards of trustees. From a legal standpoint, private colleges *are* nonprofits, and

their legal duties are identical. Again, some work has been omitted on nonprofit types

where the problem at hand is one not faced by colleges, such as certain challenges of membership-based organizations or boards of very small, service-oriented nonprofits where the board outnumbers paid staff. Finally, research on for-profit corporations is touched on but not comprehensively reviewed. For-profit organizations differ in many ways from nonprofits, and "many of the board characteristics that have been hypothesized to matter in the corporate context are either not meaningful or difficult to define in the higher education context"; of those that have been measured, many have proven to hold little predictive validity across domains (Hermalin, 2004, p. 31).

The focus in this chapter is on scholarly work, whether written by scholars or practitioners, rather than on advice for board members. In part, this is because the sheer volume of books, articles, and reports written for trustees. More importantly, most of this work adds little to our theoretical understanding of what boards actually do. However, in the literature on boards – as in so much written for executives and managers – the line between scholarship and exhortation is thin. Many of the works I discuss in this chapter are not entirely methodologically rigorous, but they comprise a large part of the work straddling the line between scholarship and advice. To leave them out would be to present a distorted picture of the state of research in this area.

Historical

A popular writers on boards has observed: "When a function has been *assembled* from bits of historical practice more than it has been *designed*, it cannot so gracefully incorporate wisdom, but must patch it on here and there" (Carver, 1997). Today's boards owe more to historical accident than to thoughtful design.

The only book-length history of academic boards of trustees is by Duryea and Williams, who point out that despite the fact that the first American colleges were founded by English settlers, Oxford and Cambridge did not necessarily serve as their models for governance (Duryea & Williams, 2000). English universities, which were ostensibly controlled by faculty, were considered parts of the Church, which in turn was a part of the state. Instead, the (mostly dissenting) New England colonists turned to governance models from other parts of Europe, such as Scotland, Italy, and Holland, where lay boards predominated. Harvard, William and Mary, and Brown adopted bicameral boards such as were used at Trinity College and the University of Dublin (Cowley & Williams, 1980). Another reason for using lay boards may have been the small scale of these early institutions; while Harvard's blueprints included faculty control, it did not have enough professors and tutors to fill the board in its early years (Bogert, 1946; Duryea & Williams, 2000). Bogert speculates that the bicameral board came about somewhat by accident; boards of overseers at Harvard and William and Mary were created because the colleges existed before they had any clergy and were intended to someday cease to exist. Instead, it was the notion of a faculty board that faded away. But the bicameral boards were generally superseded by unitary boards in the United States.

Most early boards were primarily composed of members of the clergy, but by the end of the 19th century they had shifted to businessmen and lawyers (Schenkel, 1971). Harvard was unusual in having, for a time, dominance by faculty among its Fellows, one of its two boards (the other being the Board of Overseers):

> Harvard's 1650 charter did not provide that the fellows were to be chosen from the teachers in the school, but this was evidently intended; for the original group

were all resident tutors, and of the one hundred fellows chosen between 1650 and 1780 sixty-two were teachers in the college and only thirty-eight were not. During the eighteenth century, however, the practice of selecting as fellows persons who were outside the faculty became more common, The teachers, or "residents," as they were called, resisted this trend, and a bitter controversy followed until about 1824, when the present custom of choosing fellows from outside the faculty became fixed (Bogert, 1946, p. 108).

In the 1800s, only two faculty members served as Fellows (Lowell, 1961). During this era, trustees were responsible for many of the tasks we recognize as the board's prerogative today, such as selecting the president, but they also tended to be involved in lower-level tasks such as approving reading lists and examining seniors (Corson, 1960; Schenkel, 1971).

Historians have written little about trustees and trusteeship after the 19th-century shift from clergy to men of business, aside from noting the increasing numbers of women and minorities serving as trustees at the end of the 20th century. Whatever changes have come about in board membership, powers, or structure remain unexamined from a historical lens and can only be traced through demographic and survey research, which I turn to next.

Descriptive

Periodically, researchers have conducted surveys of boards of trustees. Until recently, these have been one-shot affairs, producing data that is difficult to compare over time. Their results give us a useful look into who serves on boards, although the picture is in many cases frustrating incomplete; furthermore, data is typically available only in the aggregate. Data on boards is not included in truly comprehensive data sets such as the Integrated Postsecondary Data System collected by the National Center for Education Statistics. In reporting findings, I will concentrate on those specific to nonprofit

institutions, rather than on public institutions, although many surveys include both populations.

Beck recounted three published studies of trustees in the 1900s: A 1917 study of 143 institutions with at least 500 students, focusing on occupation and gender of trustees; a 1927 study that primarily focused on K-12 schools but also compared the occupations of school board members to college trustees; and a longitudinal study of trustee occupations at 15 colleges from 1860 to 1930. For comparison with later figures, in 1860 39% of trustees were clergy but in 1930 only 7% were; and in 1917, 3% of trustees were female (Beck, 1947).

The first major survey was conducted by Beck himself in 1934-1935. He studied the (then) 30 members of the Association of American Universities (AAU) by gathering data from catalogs, Who's Who, and surveys of trustees not in Who's Who. His data went well beyond the simple gender and occupational data of the earlier studies. His was avowedly an elite study, focusing more on the characteristics of the trustees than the boards as wholes, and the AAU institutions were clearly not typical of higher education at the time. He found that "nearly half of the 734 trustees of the 30 leading universities were person of considerable privilege in the present economic system, at least with regard to the incomes received" (Beck, 1947, pp. 66-67).

A study by Rauh in the 1960s found that, among all private nondenominational colleges and universities, the average board size was 24 members, and that the average term length was three years. Among all private four-year institutions, 89% of trustees were male. He also examined trustee interlocks. 22% served on corporate boards with publicly traded stock, and 10% served on two or more; 14% were or had been executives

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at such companies. 15% had served on other college boards. Only 53% attended all meetings, but over 80% attended over three-quarters (Rauh, 1969). Rauh, sponsored by the Educational Testing Service and under the auspices of the American Association for Higher Education and the AAU, sent surveys to 5,200 trustees at 536 institutions and received responses from 52% of them, making his survey far more comprehensive than Beck's.

In recent years, the most comprehensive data has come from the Association of Governing Boards' periodic surveys. The latest survey of its institutional members, with data from 2004, breaks down results by institutional type. About 1,000 surveys were sent out, with 494 responding; of these, 380 were four-year institutions, and 196 primarily baccalaureate. The report does not discuss how respondents differed from non-respondents. The typical board of an independent, four-year college had 31 members (up from 29 in 1986), of whom 71.8% were male and 88.1% were Caucasian. 52.2% were in business or retired from business. An average of 2.4 members served on other college boards, 7.6 on for-profit boards, and 14 on other nonprofit boards (Schwartz & Akins, 2005). In terms of board structure, AGB found that each board had about 6 emeritus members, although there was wide variation. The average term length was 3.4 years, with three-quarters of boards having term limits. 83.1% had development committees, 90% or more of members had given in the most recent fiscal year, and 70.9% of all independent institutions did not require a specific minimum annual contribution (Schwartz & Akins, 2005).

More narrow studies continue to be done. One study, for example, examined the effects of board gender at 99 out of 113 Methodist-affiliated colleges in the United States,

finding women to be 22% of the sample (compared to 26% overall from the 1997 AGB survey) (Dotherow, 2000). The main purpose of the study, however, was not to simply summarize the gender of board members but to examine its effects.

The Council of Independent Colleges has conducted a periodic survey of the presidents of member institutions that includes a section about trustees, although the questions have expanded over time: The first survey asked only if the board had an active committee for institutional advancement. Findings for the most recent survey, for 2004-2005, include an average voting board size of 31, ranging from 12 to 53, with an average of 9 women and 3 non-white members. 50.1% were in business (Willmer, 2008). These numbers are very similar to those reported by AGB. Additionally, boards were composed of 46% alumni. 94% of boards had a standing committee for institutional advancement, but only 25% of presidents felt their trustees were adequately trained in fundraising. The survey also found that "Administrators indicate greater satisfaction with their trustees in areas that demand little interaction with those outside the institution" (Willmer, 2008, p. 174).

A 2006 study looked at interlocks among board members, a subject popular in studies of for-profit boards. Pusser, Slaughter, and Thomas examined the boards of ten private and ten public universities and created an "affiliation matrix" of cross ties. Private boards were larger than public boards and had more members with ties to corporations; public boards had more ties to banking, however. There were more linkages among private boards than public ones (Pusser, Slaughter, & Thomas, 2006). Studies of interlocks have typically been done among corporations, although membership on college boards has been measured as one form of interlock among corporate directors, and this

study remains unusual in attempting to measure a characteristic of trustees other than race, occupation, or gender.

There is also some work on boards in other countries, such as a study of Canadian boards. The most salient difference from U.S. boards is that a larger percentage of members are "insiders," that is, students, faculty, or ex officio members, and a larger percentage are female (Jones & Skolnik, 1997).

Normative

Most of the work on boards is proscriptive, endeavoring to describe for trustees (and perhaps the presidents and administrators who work with them) what their duties are (Chait et al., 2005). Other work is primarily theoretical, aimed at understanding the legal framework trustees operate in or the organizational theories that govern their roles. Most falls somewhere in between, relying on samples chosen without a particular method to make universal claims about the nature of trusteeship. One scholar described the literature in this way:

> Most of the literature on nonprofit board governance is normative rather than explanatory: it prescribes rather than describes behavior. This means that scholars have not explicitly detailed the theoretical assumptions underpinning normative assertions about how a board ought to behave (J. L. Miller, 2002, p. 430).

The difficulty is that the normative and descriptive works shade into each other; most normative work at least musters up anecdotes. Work on the duties of boards could perhaps most accurately be arrayed on a continuum, with first-person recollection at one end and theoretical parsing of the philosophical undergirding of board duties at the other.

Experiential/normative research includes work, such as reports by the Association of Governing Boards, that draws on years of practice but that is not based on new

research (e.g., AGB Task Force on the State of the Presidency in American Higher Education, 2006). These writings tend to be strictly hortatory. This category also includes books and articles by consultants and former board members who go beyond their own experience, typically via interviews, but who do not have a methodology underlying either sample selection or data analysis (e.g., Mace, 1986; Martorana, 1963; Rauh, 1959). Here I will not comprehensively discuss normative pieces, such as reports, that do not at least draw on anecdotes, but it is worth noting that their quality varies widely. For example, AGB publishes guides to various aspects of board governance. Many are excellent but other descend into nonsense; for example, a recent report on accountability suggested that boards are accountable to (among other things) "the institution's mission and cultural heritage" and certain "transcendent principles and values" (Association of Governing Boards, 2007). Accountability, by definition, requires an agent capable of taking action to hold the organization to account, and an abstract noun such as "heritage" would find the task difficult.

Empirical

It is axiomatic that research in education should be guided by theory. Even seemingly straightforward atheoretical, descriptive research asks for the gender of board members rather than the breeds of their pet dogs on the (unstated) assumption of what sort of characteristics are of interest. In anything more complex than a census, however, the theories used to form hypotheses, predict outcomes, or explain behavior should be clearly stated up front. Yet research on boards is only sometimes guided by theory.

One might imagine that research on boards of trustees would tackle many questions, such as how the effects of lay governance are different from those of faculty governance (as practiced in many European universities), what background and experiences make selection as a trustee more likely across institutional types, how intra-board dynamics are influenced by board size, or how a trustee's geographical location influences board duties – just as a few examples. However, by far the bulk of empirical work on boards concentrates on what makes boards "effective," and, by extension, how to make them more effective than at present. Thus, defining effectiveness is central to most research on boards.

The practitioner orientation of board scholarship has meant that most of the research on boards is concerned with "effectiveness." However, "effectiveness" is only meaningful in relation to a particular task or role definition: One must be effective *at* something.

> The construct of effectiveness lies at the very center of all organizational models. That is, all conceptualizations of the nature of organizations have embedded in them notions of the nature of effective organizations, and of the differences that exist between effective and ineffective organizations. (Cameron & Bilimoria, 1985, p. 101)

We could group studies of boards by their definitions and operationalizations of effectiveness. Theoretically, effectiveness has been described as a construct, loosely coupled, primarily symbolic, and/or legally defined. In practice, board effectiveness is sometimes measured as satisfying certain processes. More often, scholars try to measure outputs or outcomes, both those specific to the board and those of the institution as a whole.

Scholarship that explicitly addresses questions such as, "What do boards do?" or "What does effectiveness consist of?" acknowledge the difficulties of answering those questions. Kezar summarized the answers to these questions as follows:

> Within the literature that explicitly defines board performance, three conceptualizations are provided: (a) effectiveness is careful execution of certain processes according to a set of principles; (b) effectiveness is meeting a specific outcome; and, (c) effectiveness is a combination of following a set of process principles and achieving a specific outcome (Kezar, 2006, p. 971)

Herman and Renz suggest that the first definition – that of process – is favored by board members themselves, because it is the easiest to measure (Herman & Renz, 1997).

However, Kezar's typology does not exhaust the possible definitions of effectiveness, such as the notion that it is a construct – "Nonprofit organizational effectiveness is multidimensional and will never be reducible to a single measure" (Herman & Renz, 1999, p. 107); "When it comes to boards of trustees, there is no unambiguous dimension along which to measure performance" (Hermalin, 2004, pp. 30-31). In this formulation, effectiveness consists of meeting multiple expectations; some may be processes and others may be outcomes. Others, such as Herman and Renz themselves, take this farther and argue that there is no one definition of effectiveness; effectiveness is in the eye of the stakeholder, and different sets of stakeholders value different things. This may be true to a moderate degree in any organization, but nonprofit organizations have multiple, often conflicting, goals, which leads to a wider set of stakeholder judgments (Cameron, 1981; Herman & Renz, 1997).

Definitions of effectiveness are frequently tacit or taken for granted rather than examined. When theoretical frameworks are used to understand board duties, they usually are one of the following: legal duties; principal-agent theory; boards as symbolic

actors; Holland, Chait, and Taylor's theory of board effectiveness. These theories are discussed below, along with a brief round-up of other theories that have made brief appearances in the literature. After the theories are presented, some challenges associated with them are discussed.

Legal

Sometimes board effectiveness is discussed in terms of meeting legal requirements, principally the "duty of care" and "fiduciary responsibility." The legal framework is used, naturally, in legal studies, but it also appears briefly in most how-to manuals as well as in highly theoretical work on boards, such as in the field of philosophy (e.g., Flynn, 2006).

In the eyes of the law, boards have what a moral responsibility, called "fiduciary responsibility," to the public, and a legal responsibility, "duty of care," under the law. Duty of care applies to individual board members and requires them to "attend meetings, participate in decisions, and to be reasonably informed on matters of decision making" (Howe, 2002, pp. 34-35). Fiduciary duty is harder to define (it has been called "notoriously elusive" (Fishman & Schwarz, 2000)), but it encompasses the responsibility of the board to safeguard the public and the institutional good. Board members also have the duty of loyalty, which "requires [board members] to act in a manner that does not harm the corporation" and "to avoid using their position to obtain improperly a personal benefit of advantages which might more properly belong to the organization" (Fishman & Schwarz, 2000, p. 190). The seeming straightforwardness of these legal requirements is illusory, though: "Fiduciary principles in the law of nonprofit organizations have been

applied with neither consistency nor coherence" (Fishman & Schwarz, 2000, p. 154).

And legal requirements are difficult to translate into concrete actions:

> Because of the generality and imprecision of many fiduciary norms, the vulnerability of many beneficiaries to misconduct by fiduciaries, and the difficulty of applying such standards to concrete guides for behavior, judicial opinions interpreting and applying fiduciary rules sounds like sermons. … This elevated language provides little concrete guidance to a director of an organization. (Fishman & Schwarz, 2000, p. 153)

Principal-Agent Theory

Among research that uses extant theories, the most reigning theory is principal-agent theory. Agency theory was derived from game theory and has been extended to work in settings beyond the simple single-game principal-agent dyad posited in game theory. In the classical model, a single principal hires an agent to do a task. The agent has superior information about the task, and uses this asymmetry to shirk. Some of the basic assumptions in this model fail to apply to most non-theoretical situations: there are frequently multiple agents and principals; participants may not behave rationally; and games are repeated, leading to the development of cooperation (G. J. Miller, 2005). In the case of nonprofits, understanding who the principal is provides a particular difficulty, because those providing the funds do not retain rights to their profits. Even in a for-profit corporation, the board is said to act as the principal on behalf of the "true" owners, the stockholders. Lane and Kivisto, in their review of the use of agency theory in public higher education, introduce the idea of *de facto* and *de jure* principal. Legally, the board is the *de jure* principal, although in practice it may fail to act as such (Lane & Kivisto, 2008). Even so, the claim that a nonprofit board can serve as a principal, when it has no financial stake that might return profits in the organization, is a dubious one. This is not

to suggest boards are not prone to oversight and monitoring problems, of course, and these very real difficulties perhaps account for some of agency theory's appeal.

Most of the empirical work using agency theory in nonprofits focuses on the principal's monitoring function, although it is generally not made explicit on whose behalf they are doing the monitoring. Miller used agency theory to explain board monitoring of the CEO in her study of 12 nonprofit boards. In her formulation, "Agency theory predicts that shareholder wealth and organizational performance will be maximized when an independent board of directors monitors the chief executive's propensity to behave with self-interest," (J. L. Miller, 2002, p. 430). Toma's work also uses agency theory to reject the idea of inside directors for nonprofit boards, building on the work of Fama and Jensen, which is discussed below. (Toma, 1986). Waters conducted a case study of a women's college as it dealt with the issue of whether to admit men. He used agency theory to frame the difficulty part-time, volunteer trustees have in monitoring a full-time president, what he describes as "the inherent difficulties that even intelligent, committed and hard working trustees working with a cooperative president and administration have in overcoming principal/agent problems" (Waters, 1998, p. 146). Under normal circumstances, the board will leave power in the hands of the president and have few incentives to take collective action: "Board members can be viewed as utility maximizers. Individuals who serve on boards of trustees seek to maximize university prestige and levels of peace on campus, and to minimize university downturns and adverse publicity" (Waters, 1998, pp. 17-18).

Too often researchers sidestep the issue of how their work deviates from the classical assumptions of agency theory, although there are a few notable exceptions.

Fama and Jensen deal with the problems of monitoring in a nonprofit context at length,

concluding that certain types of organizations manage risk by separating management

and control functions, with the board representing "control." Because there are no

residual claims (ie, profits to be distributed), nonprofits avoid "agency problems between

donors and residual claimants, but the incentives of other internal agents to expropriate

donations remain" (Fama, 1980; Fama & Jensen, 1983, p. 23). But the lack of residual

claims also requires that boards not be comprised of insiders, because their presence on

the board could lead to collusion and misappropriation of funds. Bogert's prescient

analysis of the difficulties of running college boards like for-profit businesses prefigures

agency theory but is still relevant:

> Directors of a business corporation are stockholders, whose money investment
> gives them strong claims to rights of control, while university trustees have no
> corresponding financial interest; and that there is a wide difference between the
> capacities and functions of the employees of business corporations and the
> qualifications and contributions of teachers in a university. (Bogert, 1946, pp.
> 117-118)

Similarly, another observer said in 1920, "The trustees … although vested with legal title

to the property, are not the representatives of private owners, for there are none. They are

custodians, holding the property in trust to promote the objects of the institution"

(Lowell, 1961, p. 833).[1] Ostrower and Stone said, "In the nonprofit world, it is unclear

who should be regarded as the principal" (Ostrower & Stone, 2006, p. 613). In short,

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[1] These arguments against modeling higher education boards on for-profit boards are
founded on the notion that a board's lack of capital ownership in the organization means
the position of these trustees are quite different from those of corporate boards. Their
arguments thus should be distinguished from complaints about meddling businessmen
whose low-minded ideals tarnish the college. The canonical example of the latter
criticism is, of course, Veblen (1957). The lack of parallel structure across board types
does not necessarily lead to a rejection of business men and women serving on nonprofit
boards.

despite its popularity, there are serious theoretical difficulties with using agency theory. It

is worth noting that research suggests board members themselves do not think of their

relationship in principal-agent terms. Miller, in a study of "the way in which individual

board members define their relationship with the chief executive and understand the

scope of the monitoring function influences how, or if, they monitor agency action,"

found that only a few trustees of nonprofits saw themselves as accountable to the good of

the community (J. L. Miller, 2002, p. abstract). Scholars of for-profit boards write,

"directors usually don't share a strong consensus about accountabilities to various

constituencies and, therefore, about their purposes in serving" (Lorsch & MacIver, 1989,

pp. 37-38).

Symbolic

Some scholars suggest a board's primary influence is symbolic; "organizations

that reflect institutional rules tend to buffer their formal structures from the uncertainties

of technical activities by becoming loosely coupled, building gaps between their formal

structures and actual work activities" (Meyer & Rowan, 1977, p. 341). This is not the

same, as course, as having no influence at all. While this assertion seems to be common

in general management literature it is rarely taken seriously in work devoted to boards.

> People who study organizations rarely give much thought to governance, and
> people who study governance rarely think much about organizations … A theorist
> on organizational behavior, when asked how he pictured boards, answered: "As
> window dressing. But I mean that in the best possible way." (Chait et al., 2005, p.
> 28)

Other theories

Other theories that have been promulgated include group interaction theories, Carver's policy governance model, proposed but untested theoretical models, and models derived from grounded theory. Group interaction theories stem from micro-organization theory and psychology and do not address the purpose of the board or its relationship to the larger organization and environment, but focus on the interactions of board *qua* a group of individuals (for example, Bixby, 2000). Carver's "highly prescriptive" (Nobbie & Brudney, 2003, p. 572) model has been used primarily as an intervention or treatment. Nobbie and Brudney, for example, compared 32 nonprofit boards that implemented policy governance with two control groups, one a matched sample of randomly selected nonprofits and the other a group of boards that had received training from the National Center for Nonprofit Boards. The boards were tested pre-treatment and again three years later. While some measurable aspects of organizational performance improved, the *perception* of performance improved even more (Nobbie & Brudney, 2003). A case study of an orchestra board using network and intergroup theories found that strong ties led to positions of board power and a concern with social relations, while trustees with weaker ties were more task-oriented (Middleton, 1989).

Some theories have been put forth about the functioning of boards that have not been tested or developed further. One example

> presents a theory-based framework of board behavior that identifies the environmental conditions and board/organizational considerations that are likely to affect board behavior [and] offers a set of hypotheses that can be used in future empirical investigations that seeks to understand the conditions under which a nonprofit board might assume certain roles and responsibilities (Miller-Milleson, 2003, p. 521)

Her resulting theory draws from agency theory, resource dependency theory, and institutional theory. While the theory offers an interesting possibility for exploring boards, it is difficult to judge its usefulness as a model without empirical work. It presumably draws from her earlier work on boards (J. L. Miller, 2002) but that earlier work was not explicitly undertaken to develop theory, as in the grounded theory tradition.

Grounded Theory

The ongoing work of Holland, Chait, and Taylor is the primary example of grounded theory in boards of trustees (Chait et al., 1991, 1996; Chait et al., 2005; Holland, 2002; Holland et al., 1989; Taylor et al., 1991). Their initial work used interviews with trustees to develop a theory of board competencies; their later work has expanded upon that and been re-packaged for practitioners. Others have also used it as a framework for their own studies. Brown used their six dimensions of board performance to compare agency theory, resource dependency theory, and group/decision process theory. All three theories were supported (Brown, 2005).

No matter what framework is used, scholars seem to find operationalizing effectiveness to be difficult. Part of the problem seems to be choosing appropriate outcome variables. How do we measure (quantitatively or qualitatively) meeting the duty of care? How do we define "successfully" hiring a president, beyond the straightforward fact of having a president or not? Do we rate a board's fundraising effects by their own dollars raised, or by dollars raised with their aid, or by overall dollars given to the institution? Boards produce few outputs and outcomes that they unambiguously own:

> In trying to judge board effectiveness, the analyst is likely to be caught in a
> vicious circle. Can one judge board effectiveness apart from administrative

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effectiveness? Can administrative effectiveness be judged apart from educational productivity? Can either be judged apart from fiscal conditions? (Zwingle & Mayville, 1974, p. 9)

This, perhaps, is the reason a fair amount of attention is paid to process, such as meeting attendance and committee membership. Even research that ostensibly is about outputs tells us little about outcomes. Studies that rate board decision-making as high- or low-level on the basis of meeting minutes, for example, only tell us the board voted on something put on its agenda. We do not know if the decision was a rubber stamp or the result of considerable trustee effort; we do not know what effect the decision made on subsequent institutional operation. And we certainly don't know whether or not the board made a good decision.

Lack of theoretical coherence

Brown's findings point toward one of the difficulties of viewing these theories as a coherent literature on boards. First, some of the theories come out of different disciplines with their own questions and assumptions. That both decision process theory and agency theory are illuminating is no more surprising than that both psychology and economics can tell us something about a particular phenomena. In the words of one incisive critic, "As yet, this research has developed neither a coherent methodological approach or a sound set of conceptual categories and findings" (Pettigrew, 1992, p. 165). Second, few articles have attempted to compare multiple theories; indeed, few even try to *test* these theories but instead take the theoretical framework as a given. This is not an unreasonable assumption in a mature field, but studies of boards have not yet reached that point. Finally, there is a naïve willingness in much of this literature to view boards as

they position themselves – to trust that their placement at the top of the organization chart is the position they actually occupy. Time and again, studies using theories like agency theory conclude that boards are not fulfilling their role, yet there is little reconsideration of that role.

Challenges and critiques of board research

Research on boards has been critiqued, both for the quality of the research itself, and for the limitations that make studying boards difficult. Inherent in the nature of boards are issues of joint endogeneity and loose coupling – problems that are endemic in studying management. Additionally, researchers are challenged to find useful data and to measure theoretical constructs appropriately. This applies, in a traditional quantitative framework, to both inputs and (particularly in nonprofits) to outputs. Data is hard to find and often unreliable. Unfortunately, researchers compound this problem by reporting results in ways that make it difficult to evaluate data quality or by substituting anecdotes for data. We see issues of causality in many studies– inputs and outputs collected at one point in time. Too many studies focus on board demographic composition, because it is easily measurable, and not because it has the greatest theoretical importance. Research on boards has also been criticized for being atheoretical, hortatory rather than empirical, and sparse.

The problem of joint endogeneity in boards has been noted by, among others, Hermalin and Weisbach (2003). Correlations between board behavior or traits may not be the cause of desirable corporate outcomes (for their work focuses on for-profit firms);

instead, a third factor may cause both. Herman and Renz state the case even more strongly:

> Whether more effective boards do more, do different things, or do what they do better (or some combination) than less effective boards is not clear. There is no specific behavior that seems to identify effective boards across all studies … Thus, it is possible that the apparent relation between board and organizational effectiveness is spurious—the true relation is that effective organizations have prestigious boards." (Herman & Renz, 1999, p. 115)

Unfortunately, it is impossible to study board effectiveness using randomized field trials or other rigorous experimental techniques: Organizations cannot be assigned to have no boards (or deliberately weak boards), for example.

Another issue plaguing all management studies is what has been noted by institutionalists as loose coupling. Complex organizations rarely have straightforward processes governing inputs and outputs. How can one separate a board's contribution to, for example, the graduation rate from the contributions of the provost, the vice-president of academic affairs, the faculty, the admissions office, retention programs, and the culture and efforts of the students themselves?

In addition to the theoretical difficulties in board research, there are practical difficulties in data collection. As discussed above, extant data is sparse and generally unavailable to the typical researcher. As an alternative, researchers can collect original data. Of course, data is ineluctably tied to methods: Data sources and methods include quantitative institutional outcomes, surveys, interviews, documents, observation, evaluation by board experts, case studies, and evaluation by members of the boards under study. Many studies combine multiple data sources and methods. But collecting new data of any kind has its own challenges. Engel and Achola, writing about studying decision-making, say, "Independent colleges are reluctant to reveal their records or to open their

board meetings" (Engel & Achola, 1983, p. 67). It can also be difficult to collect data longitudinally, due to high mortality rates.

The practical difficulties are related to challenges of operationalization: If we posit, for example, that "board composition" matters, what facets of composition do we use? Age, race, gender, and occupation are more readily available than measures of whether trustees are eager or reluctant, progressive or supportive of the status quo, and social relations within the board. What is true for inputs is perhaps even more important for outcomes – do we measure outputs (number of decisions made) or outcomes (the impacts of those decisions)? In a study of emergency assistance and homeless shelter organizations, researchers found

> [Managers] mentioned some criteria that are impossible to use with a technique that requires interval level data. These problematical criteria included 'treating clients with dignity,' 'providing clients with spiritual nourishment as well as a meal and a bed,' 'helping put clients on the road to self-esteem,' and other similar statements. We do not view these as unimportant goals. We were not able, however, to use such criteria in this approach. (Herman & Heimovics, 1994)

The result has been that researchers have defined effectiveness using convenient data rather than theoretical constructs (Cameron, 1981). The difficulties in collecting longitudinal data have led to studies of correlation rather than causation, although their authors only sometimes recognize the difference. Some have been quite clear about the implications of this: "Nevertheless, a caveat is in order here given the cross-sectional nature of the regressions. Causality is always an issue—major donors may be the cause, or, alternatively, major donors may be drawn to more efficient organizations" (Callen et al., 2003, p. 515). In other words, "The absence of panel data remands a major barrier to testing causal hypotheses" (Ostrower, 2007, p. 624).

Even if the analytic methods are sound, the data itself may be unreliable. For example, it can be difficult to get a high response rate to a survey; it is even harder to get a decent response rate to a longitudinal study. For many studies, data reliability is compromised by low response rates. Typical examples of response rates for surveys of board members are 22% among board members and 34% among executive directors (Brown, 2005); 60% (Widmer, 1993); 67% of trustees (but 46 of 68 colleges failed to respond at all) (Michael & Schwartz, 1997); 76% for board secretaries and 49% for members in Canadian universities (Jones & Skolnik, 1997). Many of these studies fail to discuss the possible repercussions of a low response rate or to test the data if they can (i.e, compare first-wave responses to later ones). Even high response rates, however, do not guarantee accurate data. Peck conducted a study of a National Health Service trust (a self-governing hospital in England) using minutes, observation, and interviews, triangulating these sources. Each source had a weakness: Interviews depend on personal memory, which may be faulty; minutes are highly formal and ritualized; and observation of meetings ignores how much trustee decision-making occur outside of meetings. Most studies use just one of these three methods, but "reliance on only one of three potential sources of data renders these descriptions unreliable as each of the three sources contains weaknesses that can only be compensated for by the presence of the other two" (Peck, 1995, p. 143). He concludes that "the reliance on descriptions based on actors' accounts and minutes, in comparison to boards in session, is not sufficient justification for continuing empirical studies which this paper has demonstrated are inevitably flawed" (Peck, 1995, p. 154). However, I would argue that whether these flaws are fatal depends on the particular question being asked, and suggest that triangulation could be obtained in

other ways – for example, two opposing factions of trustees as well as staff might be interviewed. Yet we do see the results of one-sided analysis fairly often in the literature. In one study, for example, boards that had received a particular type of training *perceived* themselves (and were perceived by CEOs) as being more effective, yet their financial outcomes were no different than boards that had not received the training (Nobbie & Brudney, 2003). Board members' recollections and perceptions are particularly suspect because, as Winkler said, approaches to elites that rely on their own accounts, including interviews

> are vulnerable to fallible memory and selective recall, but perhaps more than most accounts, elite renderings are vulnerable to self-justification, the impulse to rationalize and to tidy, to conceal the illicit, to ascribe decent motives for action, to present behaviour as the outcome of recalcitrant outside forces rather than personal incompetence. (Winkler, 1987, pp. 129-130)

Again, of course, this does not mean that there might not be uses for interviews with elites, merely that the data needs to be treated with some suspicion.

Other studies, particularly those aimed at practitioners, provide insufficient information to evaluate the quality of their data and, thus, their results. One example of this was a study conducted by Bellarmine College of "peer institutions" about recent boards of trustees and capital campaigns. The peers were private colleges, but we do not know how they were chosen or who at each institution responded to the survey or phone interviews (Moisan, 1992). This study is of particular interest here, because it is the only previous study I am aware of looking at board impacts on fundraising. More often what we see is anecdotes substituted for data. Many books by and for practitioners readily acknowledge that their advice is based on experience and unscientific surveys, such as Bowen's "avowedly impressionistic study" (Bowen, 1994, p. xiii). According to Kezar,

one "problem with the board literature is that it is based on single anecdotes—

consultants' advice or words of wisdom from former board members" (Kezar, 2006, p.

34). Or as another article put it, "Much of what we 'know' about nonprofit boards is

based on experience" (Herman & Van Til, 1989, p. 6).

Others have criticized work on boards for what they see as an excessive focus on

composition. Too many studies of boards assume the board is only the sum of its parts,

and that those parts are readily reducible to demographic information, the "customary

preoccupations with size and composition" (Pettigrew, 1992): "The few empirical studies

[of boards] tend to be descriptive in nature, focusing on such issues as the number of

board members, terms, and other structural characteristics" (Kezar, 2006, p. 970). Studies

that focus on the effects of board composition include those by Dotherow (2000); Rauh

(1959); and Smith (1974). Pettigrew states it most clearly in his review of literature on

corporate management:

> Inherent difficulties in separating out the multitude of endogenous and exogenous
> factors that influence company performance, make the assumed effects of board
> demographic characteristics on board effectiveness very difficult indeed to
> establish … great inferential leaps are made from input variables such as board
> composition to output variables such as board performance with no direct
> evidence on the processes and mechanisms which presumably link the inputs to
> the outputs. (Pettigrew, 1992, p. 170)

The "great inferential leaps" are a common problem in board research. A quote from

Miller bears repeating: "Scholars have not explicitly detailed the theoretical assumptions

underpinning normative assertions about how a board ought to behave" (J. L. Miller,

2002, p. 430). At least one scholar is quite blunt about his "inferential leap":

> The following two basic assumptions are made, which the study does not
> undertake to prove: (1) that the boards are more than mere figureheads … and (2)
> that knowledge of group composition in terms of the occupation, income, age,
> sex, residence, corporation connections, etc., of board members is important in

understanding and predicting group judgments and actions on policy issues. (Beck, 1947, p. 6)

A number of critics have commented on the hortatory nature of work on boards. In and of itself, however, there is nothing wrong with "how-to" books directed at practitioners. "Most of the literature on nonprofit board governance is normative rather than explanatory: it prescribes rather than describes behavior," we read (Chait et al., 2005). But this is hardly a unique problem to board literature; the same can be said of nearly any domain of management. The problem comes when the hortatory tone dominates supposedly academic discourse, at the expense of empirical investigation.

Complaints about the hortatory nature of extant work are really complaints about the sparseness of empirical work, particularly work that moves beyond the descriptive. They resemble, in a sense, a famous bit of dialogue from *Annie Hall:* "Boy, the food at this place is really terrible … and such small portions." A good example is from Pettigrew:

> It is remarkably difficult to offer a thorough going critique of a body of work which hardly exists. Indeed one might argue that the issue at present is not one of critical reflection on what exists, but the open positive encouragement of any serious social science research on the conduct and performance of boards and their directors. (Pettigrew, 1992)

Many of the calls for more research, however, are more ceremonial in nature – part of the traditional closing paragraph of any work of scholarship.

Fundraising overview

I next move away from boards to discuss the role of fundraising in private higher education, before finally turning to the slim literature that joins boards with fundraising. This section is designed to provide an overview of the current state of research on

fundraising in higher education rather than to be exhaustive. It provides a context for the more detailed discussion of fundraising and boards in the next section.

Fundraising comprised 14.2% of revenues in four-year private colleges in 2008; 4.7% of revenues from were interest drawn down from endowments, according to IPEDS data. Private colleges and universities typically have larger fundraising programs (and endowments) than their public counterparts, although public institutions are rapidly catching up, at least in terms of effort. These numbers mask a great deal of variation. As is true of much of higher education, media stories about large endowment and public debate surrounding their spending rates really only apply to a very tiny segment of institutions. Current annual fund dollars can typically be spent quite flexibly, and while endowments may be earmarked, there is typically room for negotiation when the initial gift is given. This means that fundraising dollars are some of the few that can be spent at the administration's discretion.

Given the percent of the budget fundraising comprises, it may be surprising how little research has been done on it. The majority of research consists of studies, both single- and multi-institutional, on the characteristics of donors. Several major reviews of the educational fundraising literature have been published. Brittingham and Pezzullo's seminal report on education fundraising found limited inquiry systematically examining the university fundraising, and described that literature as limited, fragmented, and of marginal quality (Brittingham & Pezzullo, 1990). Kelly, a critic of the lack of rigor present in many of these studies, points out that most research in the field consists of unpublished doctoral dissertations, and much of seeks for what she calls a "magic bullet" to produce fundraising success (Kelly, 1991, 2002). Other literature reviews have focused

more broadly on fundraising among all nonprofits, such as Carbone's "Agenda for Research" and the more recent update from Lindahl and Conley (Carbone, 1986; Lindahl & Conley, 2002). Lindahl and Conley reported that "substantive progress has been made since Carbone's 1986 research agenda for fundraising" (Lindahl & Conley, 2002, p. 105). Much of what they report, however, is descriptive. Our recent review of dissertations in higher education fundraising found that much of the work continues to be single-institutional, continues to focus on factors that separate donors from non-donors, and continues not to be published (Caboni & Proper, 2007).

There is very little scholarly research on the work of fundraising offices themselves. Institutions frequently use cost data to benchmark against each other, and there is a literature discussing issues in doing so, but there are few studies about practices within the office. One of the few studies that tackled this area is a set of ten case studies of "successful" fundraising enterprises (Duronio & Loessin, 1991). Additionally, there are a variety of dissertations and papers on the role of the president in fundraising.

Fundraising and boards

In this final section of the chapter, I discuss the slim body of research at the intersection of boards in higher education and fundraising. Some of the works below have already made appearances earlier in the chapter; here the focus is specifically on their findings. In other words, what does research tell us about fundraising and boards? "Fundraising and boards" may seem vague, but the amount of research in this area is quite small.

Some of what we know is statistical, descriptive information, much of it gathered through the general board surveys discussed above. I will start with the most recent surveys and work backwards. The 2005 AGB survey of boards found that 83.1% of boards have development committees and that 90% or more of board members at private colleges made donations in 2004 (Schwartz & Akins, 2005)

Willmer's 2004-2005 study of CIC-member colleges asked presidents whether boards have active, working committees in certain areas; how satisfied presidents are with trustee involvement; and whether the board is sufficiently trained in fundraising. 65% had alumni affairs committees; 94% had fundraising committees. The percentage of presidents who were satisfied or very satisfied for each area of performance were: deciding fundraising policy, 49%; making donations, 34%; soliciting donors, 11%; referring prospects, 9% (Willmer, 2008). These levels of satisfaction are surprisingly low and raise interesting questions about how the boards perceive their performances and how expectations are communicated. Three-fourths of presidents were unsatisfied with board training in fundraising, yet two-thirds said their boards received little or no training (Willmer, 2008). As Willmer points out, presidents ought to be in a position to arrange for board training if they feel it is necessary.

Moisan's survey of peer institutions to Bellarmine College of recent capital campaigns reported that the more trustees a college had, the larger a percentage of the campaign total came from trustees (27.2% on average). The more alumni were on the board, the larger percentage of alumni donated: 40.6% if the board was less than half alumni, 51.5% if the board was at least half, and 67% if the board was 90% or more alumni. At 82.8 of institutions the board had an moderate or very active role in planning

the campaign, and at 86% of colleges the chair was a current board member (Moisan, 1992).

Rauh's 1959 study contained several questions about fundraising. 86% of board members spent 20 or fewer hours fundraising each year. For all institutional types, 72% had given $10,000 or less in the past five years, but this was only 44% at selective private institutions. Unfortunately, figures are not given for how many do not donate at all. 11% of trustees believed they had generated over $20,000 per year in donations. Of particular interest for present purposes, 45% of trustees at private four-year institutions "decided" fundraising plans; 31% reviewed and advised; 12% confirmed; and 12% had no involvement. (The numbers were similar at other types, except at two-year public colleges, where 44% had no involvement.) (Rauh, 1959) The board as a "decider" of policy does not mesh with most studies of boards.

An earlier report on boards in the 1930s reported the tantalizing vague finding that "Among those [beliefs] that should be questioned is the belief that wealthy trustees commonly make substantial personal contributions to endowments. Some authors report that the expected gifts from wealthy trustees have not, by any means, always been forthcoming" (Beck, 1947, p. 137). His survey was on AAU boards, which are some of the wealthiest institutions in the country, and the trustees could afford to give; their average taxable income was $102,000, while the national average at that time was $1,563 (Beck, 1947).

Some research on general nonprofits is also of relevance to higher education. In a review of articles on nonprofit governance, focused on health and human services, Ostrower and Stone noted that, "Some studies have found differences in board processes

and outcomes based on gender composition" (Ostrower & Stone, 2006, p. 615). However, some of these studies examine boards in very different settings, such as small human-services organizations where boards have hands-on roles in day-to-day management. Ostrower conducted one of the few national surveys of nonprofits in 2005. The response rate was typical (41 percent), and only 16 percent of respondents had annual budgets of $2,000,000 or more, which would put them on a similar scale to colleges; small boards tend to differ from large ones, not least in achieving gender parity. (Ostrower, 2007) She concluded that "significant percentages of boards are not very active when it comes to stewardship responsibilities" (Ostrower, 2007, p. 2). 29 percent of boards were active in fundraising, but not 35 percent were not even somewhat active. Additionally, she found that the following factors positively influenced a boards activity in raising funds: size, number of meetings, percent female, percent working for a business, fundraising ability (rated by CEO), and prior volunteer work.

Undoubtedly, there are other sources of statistical data, but they are not publicly available. Consulting firms and institutions themselves regularly conduct surveys. This data is not necessarily "secret," but it is not published in academic journals, or even in practitioner outlets such as *Currents* or *Trusteeship*. For example, Penelope Burk of Cygnus Applied Research blogged about a survey her firm had conducted of fundraisers and over 1000 board members at U.S. and Canadian non-profits. The survey asked who, volunteer or staff, was responsible for various fundraising tasks. American board members assigned staff primary responsibility for nearly every task, except referring prospects, attending events, and evaluating fundraising performance. They were split on whether developing policy was the responsibility of the staff or the board (Burk, 2010).

This type of work is very interesting (and particularly relevant to this present study), but the results are rarely publicly available.

There is some work on fundraising that moves beyond the descriptive. Wood's study of ten private colleges found that, "At variance with the board's presumed leadership in fund raising is the assertion by a number of trustees that the president is the chief fund-raiser" (Wood, 1985, p. 53). A recent study by Proper et al used CIC survey data to examine how board and fundraising outcomes influenced presidential satisfaction with trustees (Proper, Willmer, Hartley, & Caboni, 2009). A study by Callen, Klein, and Tinkelman, noted earlier for its avowed use of cross-sectional data, found that boards with had major donors on the board tended to also have significant indicators of organizational efficiency (Callen et al., 2003).

What we see in these statistics is little specific information about board giving. Questions about capacity (or actual giving behavior) at best group data into ranges, and more often simply ask above/below a certain benchmark. Data is reported only in the aggregate rather than broken out by institution. There is no data at all on certain questions, such as what percentage of board members donate, what type of assets trustees give, whether they leave bequests, if they give to capital campaigns or annual funds, or whether they give through family foundations. We do not know how many board members are on development committees or to what extent they comprise campaign committees. Most strikingly, there is no year-over-year longitudinal data. And finally disappointingly, although not surprisingly, there is little work that integrates theory. For example, donations could be regarded as a financial stake for the purposes of principal-

agent theory – while donors do not directly profit from their gifts, principal-agent theory

has already been modified greatly from its original game theory formulation.

There is, unsurprisingly, hortatory and normative advice on fundraising for board

members and boards as a whole. This can roughly be divided into two types: the first

discussing the place of fundraising among board duties, and the second giving advice on

how to do it well.

What role should a board have in fundraising? Kelly is more explicit than most:

> On a conceptual level, trustees should not be thought of as volunteers for many of
> the same reasons given for senior managers. Their participation is not voluntary;
> it is part of their responsibilities and is necessary for effective fund raising. On an
> applied level, however, trustees represent the critical core of fund-raising
> volunteers, particularly for the major gifts program. (Kelly, 1998, p. 446)

Carver said that for nonprofit boards, "fundraising may be either delegated or retained, at

the board's discretion," but that a board should at least "make philanthropic contacts"

(Carver, 1997). Freedman wrote that fundraising was a "common expectation" for board

members of private institutions (Freedman, 2004, p. 21). We see similarly vague

statements in Rauh (1959). Others are more insistent that college boards must do

fundraising, without being specific (White, 1987). Fundraising ability should also figure

into trustee selection: "There is no dodging the requirement that a good number of board

members possess the personal requirements that will enable them to make sizable

donations to the institution" (Pocock, 1993, pp. 186-187). Similar sentiments about

selection are echoed by others (Bowen, 1994). Authors tend to distinguish between the

boards of public and private colleges: "Unlike trustees of private institutions, those of

public institutions are not expected to raise funds to support the basic educational

program" (Heilbron, 1973, p. 181). As an indicator of overall importance, about half of

the issues 1993-2000 of *Trusteeship*, AGB's magazine for board members, contained articles about fundraising.

Other experts are much more explicit – and expect more of boards. Pocock, for example, details the role of the fundraising committee in higher education. A committee should:

- "Develop a understanding of the role fund-raising plays in the life of the institution."

- "Educate and encourage board members to participate in fund-raising."

- "Insist that the institution have a clear statement of mission and a current statement of priorities."

- "Set institutional policies and guidelines for fund-raising."

- "Help evaluate the development staff and budget."

- "Assist in making the most effective use of fund-raising counsel."

- "Help set goals for board member giving."

- "Identify, evaluate, and assign gift prospects." (Pocock, 1985, pp. 92-95)

Note that this list includes not only the traditional oversight of administration and "give, get or get off," but includes setting policy. Pocock also writes elsewhere that, "the general admonition to trustees to keep their individual and collective fingers out of institutional operations is breached in the case of development" (Pocock, 1993, p. 188). Peterson writes of the decision to launch a major fundraising campaign, "If the board is not prepared to provide a minimum of 10% of the campaign goal (preferably 12% to 15%), then a campaign should not be attempted" (Peterson, 2000, p. 16). Howe tells board members that fundraising success overall is linked to a board's fundraising success,

but does not explicate the link. He argues that fundraising success starts from the nominating committee, and recommends board education and staff support (Howe, 1983).

Overall, the work on board members and fundraising consists almost overwhelmingly of descriptive statistics and normative statements. There is little work that examines empirically why boards have differing fundraising outcomes or how board fundraising outcomes link to institutional fundraising outcomes, and no work at all that asks if boards matter, and if so how.

Conclusion

In sum, there are serious gaps in our knowledge of how boards are involved with fundraising. In fact, there are serious gaps in our knowledge of both fundraising itself, and of the work that boards do. The lack of knowledge of board fundraising is particularly peculiar, however, when we consider that it is one of the few tasks that boards do that is easily measurable. Fundraising can be reduced to dollars and cents – although there are certainly cases where it should not be – much more easily than the selection of a "good" president or oversight of academic affairs can be. It therefore provides a natural opening to begin to understand the work of boards.

CHAPTER III

DATA AND METHODS

"As yet, this research has developed neither a coherent methodological approach or a sound set of conceptual categories and findings." (Pettigrew, 1992, p. 165)

Introduction

One could propose to study how trustees influence fundraising in any number of ways, ranging from secondary data regressions to a year-long on-site case study at one institution. As we saw in the previous chapter, however, the extant data is minimal, eliminating certain types of secondary data analysis. Moreover, even the theoretical guidance in this area is limited; some types of data collection presuppose a well-developed theoretical framework, and without one, data collection runs the risk of being an expensive waste of resources.

Quantitative work is possible, however. While the range of variables is not as wide as we might desire, some data sets provide information about individual trustee characteristics, board characteristics, and institutional characteristics. There is also institutional-level data on giving available. From this, we can analyze the impact of certain trustee and board characteristics on various institutional fundraising outcomes, and, in fact, that is what I attempt to do. However, there are some limitations to this approach.

Foremost among them is the possibility that the data we have may omit important variables, primarily because the data was not collected for the present purpose. Quantitative techniques such as regression also are poor at exploring process – if x

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influences y, by what mechanism does it do so? Regression can *test* theoretical

explanations, but when there is little theory to test, regression runs the risk of being a

grab bag of variables that are explained post hoc. (The limitations are discussed in more

detail below.)

One alternative is to explore the subject through case studies. Case studies are

particularly suited for exploratory work, producing rich data that can underscore process

and be used to guide the creation of theory and design better data collection instruments.

Thus, this dissertation takes advantage of both quantitative methods and case studies to

exploit the advantages of both approaches.

Below, I first discuss the quantitative analysis, following by the qualitative case

studies. The results of each can be found in chapters IV and V.

Quantitative Analysis

Data Sources

This study uses quantitative data in ordinary least squares regressions. While the

main source of data is not panel data, the problem of causality prevalent in most earlier

works is addressed by using independent variables from 2004-2005 and dependent

variables from 2005-2006.

Sources of data include the annual Voluntary Support of Education (VSE) and

Integrated Postsecondary Education Data System (IPEDS) surveys and the periodic

survey of advancement practices in private colleges collect by the Council of Independent

Colleges (CIC) (Willmer, 2008). The VSE survey is conducted annually by the Council

for the Advancement of Education (CAE) among all United States colleges and

universities. Data was used from the 2005 and 2006 surveys. The survey asks questions about individual, corporate, and foundation giving to education. It is estimated that 85% of giving to higher education is captured by the VSE (Council for Aid to Education, 2009). The second source of data was the most recent survey conducted by the Council of Independent Colleges (CIC) and the Council for Advancement and Support of Education (CASE). In 2006, the 555 private, not-for-profit colleges that comprise the membership of the CIC were surveyed, with 274 responding. The survey asked questions about alumni relations, fundraising, marketing, communications, and enrollment management. The data collected were for the 2004-2005 academic year (Willmer, 2008)[2]. Finally, the IPEDS data are from an annual survey conducted by the U.S. Department of Education's National Center for Education Statistics. Unlike the other two surveys, participation in IPEDS is not voluntary, and it covers a wide range of variables. IPEDS asks no questions at all about boards of trustees and almost no questions about fundraising, however. The data from IPEDS and VSE were merged by the author; data from the CIC was then hand-merged by Harold V. Hartley of CIC due to restrictions on data sharing.

Two questions arise when attempting to generalize these findings: Are respondents different from non-respondents within the CIC, and is the CIC representative of small, private colleges? As only about half of CIC member colleges responded to the survey, it is possible that respondents differ from non-respondents. Furthermore, CIC members might differ from all colleges of the same type. In the table below, respondents

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[2] The CIC/CASE survey has been conducted three times prior, but the necessary questions about boards of trustees were not included in the first two. The individual data was no longer available from the third survey.

are compared with the membership (as of the survey) on several key dimensions.[3] I

hypothesized that survey respondents would tend to be institutions with greater resources,

particularly greater resources devoted to fundraising. Using a standard significance level

of .05, I ran T-tests to compare the colleges that participated in the CIC survey with those

that did not.[4] The results can be seen in table x. Respondents only differ from non-

respondents in their six-year graduation rate – not, interestingly, in their four-year

graduation rate, although in both cases respondents have slightly higher rates. It is

interesting to note that while the two groups differ in their graduation rates, it is not

because of institutional selectivity. Given these results, we can be confident that the

survey accurately represents all CIC members.

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[3] The comparison used all CIC members in June 2006, except for Hillsdale College,
which does not participate in IPEDS data collection; members in countries other than the
United States; and associate members (two-year institutions). It also excludes St. John's
University in New York state, which responded to the survey but is not listed as a
member.
[4] At first glance, non-respondents appeared to have a wider spread of values than did
respondents, but Stata's *robvar* command indicated no statistically significant differences
between the variances for any variables.

Table 1

T-Test Comparing Survey Respondents with CIC-member Non-respondents

Variable	Mean, respondents	Mean, non-respondents	T-value
2005-2006 revenue	35,582,784	37,014,127	0.5826
Tuition & fees	18,895	18,187	-1.6199
% of revenues from gifts and grants	17.22	16.21	-1.1904
Investment returns	10.88	10.71	-0.1962
4-year graduation rate	41.71	38.95	-1.7696
6-year graduation rate	55.34	52.10	-2.3816**
Total enrollment	2221.56	2212.16	-0.0673
Admit rate	71.30	69.72	-1.2814
Total individual giving	5829435.5	5396934.9	-0.6115
Corporate giving	777451.16	758545.19	-0.1373
Foundation giving	1888365.7	1656031.7	-0.9694

Note *=.05, **=.01, ***=.001

CIC members were also compared to non-CIC members within their 2005 Basic Carnegie classification to find out to what extent CIC members are typical of their institutional type.[5]

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[5] CIC members included 10 special focus institutions; 351 baccalaureate (arts and sciences, diverse, or baccalaureate/associates) colleges; 241 masters (large, medium, and small) universities; 18 research universities; and 2 unclassifiable. For purposes of this comparison, only baccalaureate and masters institutions were used.

Table 2

T-Test Comparing CIC Members with Non-Members

Variable	Mean, CIC members	Mean, Non-members	T-value
2005-2006 revenue	35426965	38738427	1.3646
Tuition & fees	18762.91	17756.44	-2.3478**
% of revenues from gifts and grants	16.50	16.60	0.1209
Investment returns	10.86	10.59	-0.3069
4-year graduation rate	40.09	39.39	-0.4490
6-year graduation rate	53.39	52.70	-0.5072
Total enrollment	2245.62	2160.01	-0.6308
Admit rate	71.06	68.59	-1.9974*
Total individual giving	5895121.6	4861715.1	-1.5098
Corporate giving	707119.41	796703.82	-0.6744
Foundation giving	1,822,181.5	1,555,626.0	-1.1471

Note *=.05, **=.01, ***=.001

Here, we see that CIC members are fractionally less selective but charge slightly higher tuition and fees than non-members. Otherwise, they do not differ. This suggests the institutions may be different in some ways, yet the lack of variation in their fundraising variables suggests that the results of this study may be generalizable to all similar institutions in the United States.

The colleges in the CIC sample have a mean age of 114 years. They have an average undergraduate enrollment of 2,134 students, although the smallest is 376 and the largest 22,421 students. The mean endowment at the beginning of the academic year is $50 million, but the median is only $23 million. On average, the colleges raised a mean of $5.5 million and a median of $4.2 million. The mean professional staff size is 6.4

people; the median is 5. A complete list of variables is included as Table 1 in the next chapter. In particular, the three outcome variables in the regression analysis are the three largest categories of gifts given to institutions. "Individual giving" includes donations made by alumni, parents, and other individuals. "Corporate giving" includes donations made by for-profit companies and from their affiliated nonprofit foundations. "Foundation giving" includes donations made by nonprofit foundations. It includes gifts made from donor-advised funds and small family foundations.[6] The broad category of "donations" includes cash, securities and stock, gifts in kind, matching gifts, real estate, and other real property.

Methods

I asked the following three research questions:

> RQ1: What effect do a) board demographics and b) board fundraising practice have on individual giving?

> RQ2: What effect do a) board demographics and b) board fundraising practice have on corporate giving?

> RQ3: What effect do a) board demographics and b) board fundraising practice have on foundation giving?

> Three regressions for each domain (individual, corporate, and foundation) were

run. The first regressed the income from the same source (i.e., individual donors, corporations, or foundations) for the previous fiscal year. In other words, how well can

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[6] Some of these gifts may be thought of as more properly being individual gifts, because the decision to donate is generally made by an individual or a small family, but there is no way to distinguish these gifts from those made by, for example, the Ford Foundation, since colleges only report total figures for each category.

we predict this year's giving based solely on last year's? In fact, last year's giving does have strong predictive power for the current year's income; for individual giving, the R squared was .5755. The second regression used only the previous year's end-of-year endowment value, which again strongly predicted current-year income, although only for individual gift income. However, the use of these variables as controls in a more fully specified equation was problematic. The dependent variables in this study either change not at all (age is static relative to other institutions) or very slowly except in rare periods of crisis.[7] For example, enrollment may drop sharply if an institution loses accreditation, but otherwise is fairly stable. Other variables, such as number of alumni, grow even more slowly. Thus, any variable that influences giving in this year also influenced it in previous years; including previous year's giving or the endowment absorbs some of the variable's effect. For this reason, the variables for endowment and previous year's income were not included in the third and final model.

Finally, a complete model was run, comprised of institutional controls (the alumni giving rate, six-year graduation rate, acceptance rate, number of alumni in thousands, enrollment, age, president's self-rated skill in fundraising, and percent of time the president spends on fundraising); demographic characteristics of the board (the total number of board members; percent female; percent non-white; percent of board members in various occupations (business, clergy, medicine, education, and law); percent alumni; and percent who can give $1 million or more); and variables about the board's

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[7] One variable that is subject to rapid change is whether an institution is in a capital campaign, but this variable was not included for two reasons. First, institutions that in the quiet phase of a campaign would likely answer "no," yet their donations would reflect a "yes" state. Second, this variable is simply not available. The CIC survey asks whether the college has conducted a campaign in the last three years, not whether they are conducting one at present.

fundraising involvement (whether the president is satisfied with the board's level of training in fundraising, the percent of solicitations for major gifts conducted by board members, and the percentages of gift income that came from alumni and board members).

Limitations

First, this study is delimited to a certain institutional type. While we can speculate about the boards of private research universities or public two-year colleges, any generalization of findings is purely speculative. Further, to the extent that CIC institutional members differ from non-member small, private colleges, results may not even be generalizable there. It is probable, for example, that responding colleges have more resources to spend on development, and therefore higher levels of donations.

Secondly, this data is cross-sectional rather than longitudinal. Unfortunately, previous waves of the CIC survey were not available. This limits the type of analyses that can be conducted – for example, only variation between colleges and not variation within them over time can be discussed.

One consistent problem in quantitative analysis of an understudied phenomena is the possibility that the omission of an important variable(s) may bias results. As I discussed earlier, the presence of a capital campaign might be one such omitted variable, but there could be others. There are questions about board involvement we cannot answer with the data available. We cannot distinguish between the effects of individual board members and the board as a whole, or the effects of process-oriented variables such as whether items are voted on by a committee or the full board.

Qualitative Analysis

The three case studies were designed to address some of the limitations of the quantitative analysis, in particular the possibility of omitted variables and process-oriented board characteristics. Case studies provide rich data that gives us a better picture of the phenomena we are interested in and that can guide future work. The cases ask, how does actual board involvement in fundraising compare with what the literature suggests it ought to be? What board characteristics seem to affect success, both those included in previous research and those that have not previously been captured for quantitative analysis?

Case study methodology

Case studies are often suggested for exploratory research, as suitable for only descriptive rather than empirical work, although they can be used for exploratory, descriptive, or explanatory purposes (Yin, 2003). This particular research, however, is admittedly exploratory. To some extent, it is descriptive, asking questions such as, "What percent of trustees make donations?" But it moves beyond the descriptive, also asking questions such as *how* trustees perceive their role and how that impacts their performance of it. Yin suggests case studies are appropriate for how and why questions that focus on contemporary events that researchers cannot directly manipulate (Yin, 2003). Clearly, researchers have no power to randomly assign board members to colleges or to instruct certain board members not to donate, ruling out randomized field trials, for example, entirely. Other forms of research are also rendered difficult; past surveys have suffered

from unacceptably low response rates (see chapter II for further discussion of this). Cases are best for work that is "particularistic, descriptive, and heuristic" (Merriam, 2001, p. 193) and is "a particularly suitable design if you are interested in process." (Merriam, 2001, p. 194). For these reasons, I decided to further explore the role of boards using case studies.

While this section of the dissertation is qualitative, it is not an example of grounded research. Interview questions were designed around theoretical propositions from previous literature about boards rather than looking for emerging themes, unlike in the research of Holland, Chait and Taylor on boards (Chait et al., 1991, 1996; Holland et al., 1989; Taylor et al., 1991). The study was built as a multiple-case design, because "the evidence from multiple cases is often more compelling" (Yin, 2003, p. 46). To the extent that common findings can be drawn from cases (which are likely to differ in particulars), those results are more persuasive.

Questions were designed to address two types of literature: Normative statements from the proscriptive literature, and claims from prominent theories. (Copies of the survey instruments are included as Appendices A and B.) Questions to address normative claims asked, for example, whether the individual board member donated and whether the board had 100% giving. Questions addressing more theoretical propositions asked board members to whom they were accountable. Some questions tackled both, i.e., whether the board or the administration made fundraising policy.

Data

"The single most defining characteristic of case study research lies in delimiting the object of study, the case. ... a unit around which there are boundaries" (Merriam, 2001, p. 191). Here, the units of analysis are particular colleges, although data was primarily collected at the individual level (Yin, 2003). There are three colleges, or cases.

The colleges were chosen to be as similar as possible. All are small liberal arts colleges in the Southeast. They are not HBCUs and none were women's colleges. None have strong religious ties; while all are affiliated with Protestant denominations, their financial support from those denominations comprises an insignificant portion of their budgets. None had recently undergone a major crisis or a presidential transition. These last criteria were chosen because I wished to examine colleges in normal operations, rather than those undergoing unusual periods of stress during which the boards' role changes. However, the other criteria (not HBCUs or women's colleges, for example) were used because they maximized the number of institutions within the CIC to choose from. Once a list that met these criteria was created, individual institutions were approached. Some were unable to participate because they were without a vice president for advancement, or because they were undergoing turmoil I had not been aware of. Willingness to participate was a necessary condition, given the access to board members and staff required.

Despite this, the colleges have some significant differences. Two are in cities and one is in a small town, all in different parts of the Southeast. They do not consider each other to be competitors for students or philanthropic dollars. Their selectivity varies, although none are open admissions or among the nation's most prestigious institutions.

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One of the three colleges has a significantly stronger relationship with its church than do the others two.

Both the institutions and the individual informants were promised confidentiality and anonymity. While anonymity has some drawbacks, chiefly that others are unable to re-evaluate findings (Yin, 2003), it was necessary here in order to secure the participation of institutions. Even if institutions were willing to share institutional data, boards of trustees are small enough that sleuthing could likely identify trustees. Since the interviews included topics that many people consider private, such as giving history, individual anonymity was as important as institutional anonymity.

In order to protect the identities of these colleges, many details are obscured or altered slightly. For example, no founding years, real city or state names, or any identifying proper nouns are used. Numbers, dates, and non-essential details may be slightly altered; for example, a board of trustees with 31 members may be said to have 33 instead – but not 21 or 41. A college may be said to have recently built a student union, when in fact it built a science hall. In other words, a sincere effort was made to obscure identifying details without changing the facts so much that the accuracy of the analysis was compromised. To this end, direct quotations from trustees are modified only to the extent that identifying details (and verbal tics) are removed. These changes are generally not indicated in the text. The three colleges are referred to as Pine, Maple, and Oak Colleges, which, of course, are not their real names.

At each institution, the primary data source was interviews conducted in 2010. Interviews were conducted with the vice president of development (in some cases this person oversaw advancement more broadly) and with five trustees. At Oak, the president

also participated. The trustees were chosen by the vice president. Initially, I asked for trustees who were on the board's development committee, but this proved to be impossible: Pine had replaced their committee with a campaign committee for the duration of their capital campaign; Maple had eliminated the committee permanently. Instead, trustees were chosen who the vice president felt had more interest in or experience with fundraising for the college. The interviews were guided by open-ended protocols, lasting between half an hour and an hour. I conducted interviews in person wherever possible, but in seven cases out of 15 we had to speak via telephone. The interviews were recorded with a digital audio recorder and I took minimal notes. I later transcribed the interviews. While I strove for accuracy, this was never intended as a discourse analysis, and "fillers" such as um, er, and you knows were generally ignored.

Additionally, data was collected on the board, including board structure (committees, total members, and whether there were term limits) and the trustees themselves (state, occupation, race, gender, year they joined the board, and limited giving history). This data was treated in the aggregate rather than at the individual level. Documentation such as brochures, campaign materials, and other pertinent publications that came up in interviews were collected. Finally, where available, I read institutional histories for the colleges.

Limitations

There are limitations not only to case studies as a class, but also those that result from choices I made as a researcher. The most obvious limitation is that case studies are not generalizable. In particular, choosing cases for similarity rather than difference

narrows the range of variability of findings further. While it may be tempting to assume that other Southeastern liberal-arts colleges without strong denominational ties are similar to Pine, Maple, and Oak, these three colleges were not chosen randomly nor do they constitute a large sample. Each has its own idiosyncrasies and particular history. At most, trends that are common among the three point to areas that may be worth investigating, and differences suggest a portion of the range of variation.

Moreover, the trustees I spoke to are not necessarily representative of all trustees, even their fellow board members at those same institutions. Because they were selected for their higher levels of involvement with fundraising, it is likely their opinions and experiences are not typical. I would anticipate that they would be the most thoughtful and reflective about fundraising, as well as the most experienced.

Data reliability is also an issue when relying on interviews, as discussed in the previous chapter. Efforts were made to mitigate problems of recollection and self-interest. For example, trustees estimates of their own giving were compared with information from the development vice presidents. In many cases, what one trustee from a college said could be triangulated against what the other trustees or the vice president reported. However, deliberate or unintentional falsification of information cannot be entirely ruled out.

CHAPTER IV

QUANTITATIVE ANALYSIS OF FUNDRAISING OUTCOMES

"Inherent difficulties in separating out the multitude of endogenous and exogenous factors that influence company performance, make the assumed effects of board demographic characteristics on board effectiveness very difficult indeed to establish."(Pettigrew, 1992, p. 170)

Introduction

In this chapter, I discuss the results and implications of the quantitative analysis, the methodology for which was described in the previous chapter. I asked the following three research questions:

RQ1: What effect do a) board demographics and b) board fundraising practice have on individual giving?

RQ2: What effect do a) board demographics and b) board fundraising practice have on corporate giving?

RQ3: What effect do a) board demographics and b) board fundraising practice have on foundation giving?

Note on Variables

All financial variables are first divided by 1,000 and reported as thousands of dollars, as is the number of alumni. Percentages are reported as XX% rather than as proportions. All other numbers are as expected.

The dependent variables used are all highly skewed, as one might expect; they are all bounded by 0 at the lower end and the mean is higher than the median. As an example, a histogram of total individual giving is shown below in Figure 2.1. Similar charts could be shown for corporate and foundation giving as well.

Figure 1
Total Individual Giving for 2005-2006 at CIC member schools responding to CIC and VSE surveys. Data from VSE.

While the skew is evident upon a visual inspection or by simply comparing means and medians, the Shapiro-Wilk test was run in Stata to confirm. Because the assumptions of

least squares regression require normal distribution of variables, the variables were

transformed. First, giving was divided by the undergraduate enrollment to produce giving

per student (in thousands of dollars). Then, the natural log was taken. The end result is

that the dependent variables are all the log of giving per thousands students; for ease of

reporting, they will simply be referred to in-text as "individual giving," "corporate

giving," or "foundation giving."

The means and medians of the variables are reported below in Table 1.

Table 3

Median, Mean, and Source of Variables

Variable	Median	Mean	Standard deviation	Data source
Institutional variables				
2004-2005 endowment				VSE
2004-2005 individual giving total, $1000s	2,544.45	3,902.19	3,917.72	VSE
2004-2005 corporate giving total, $1000s	368.25	524.48	484.89	VSE
2004-2005 foundation giving total, $1000s	772.32	1,312.72	1,558.41	VSE
2004-2005 alumni giving rate, %	19.5	20.01	10.66	VSE
Graduation rate within six years, %	59	60.38	17.21	IPEDS
% of applicants admitted	75.03	72.10	13.68	IPEDS
Region				IPEDS
Number of alumni, 1000s	13.71	16.92	13.76	CIC
2004-2005 enrollment	1,971	2,469.72	2,337.06	IPEDS
% of president's time spent on fundraising	45	44.51	20.16	CIC
Rating of president's fundraising skill (1=strong-5=weak)	3			VSE
Institutional age, years	117	115.41	41.65	IPEDS

Board variables				
Number of board members	31	30.98	7.61	CIC
% women	26.09	30.29	16.42	CIC
% nonwhite	5.48	8.02	11.34	CIC
% clergy	8	12.37	4.95	CIC
% in medicine	3	3.98	4.95	CIC
% in education	8	9.08	8.05	CIC
% in law	8	8.47	6.63	CIC
% in other field (omitted from regression)	9	12.08	12.53	CIC
% alumni	50	47.54	23.77	CIC
% that can give $1 million or more	10	11.48	10.67	CIC
Satisfaction with board training (1=yes, 0=no)	0			CIC
Majoraskboard	3	6.78	11.41	CIC
Giftalum	20	23.35	16.81	CIC
Giftboard	6.3	11.49	13.73	CIC

Note All variables are for 2004-2005 unless otherwise indicated

Models

Three regressions for each domain (individual, corporate, and foundation) were run. The first regressed the income from the same source (i.e., individual donors, corporations, or foundations) for the previous fiscal year. (In these regressions, the dependent variables were not transformed.) In other words, how well can we predict this year's giving based solely on last year's? In fact, last year's giving does have strong predictive power for the current year's income; for individual giving, the R squared was

.5755. The second regression used only the previous year's end-of-year endowment value, which again strongly predicted current-year income, although only for individual gift income. However, the use of these variables as controls in a more fully specified equation was problematic. The dependent variables in this study either change not at all (age is static relative to other institutions) or very slowly except in rare periods of crisis.[8] For example, enrollment may drop sharply if an institution loses accreditation, but otherwise is fairly stable. Other variables, such as number of alumni, grow even more slowly. Thus, any variable that influences giving in this year also influenced it in previous years; thus, including previous year's giving or the endowment absorbs some of the variable's effect. For this reason, the variables for endowment and previous year's income were not included in the third and final model.

Finally, a complete model was run, comprised of institutional controls (the alumni giving rate, six-year graduation rate, acceptance rate, number of alumni, enrollment, age, president's self-rated skill in fundraising, and percent of time president spends on fundraising); demographic characteristics of the board (the total number of board members; percent female; percent non-white; percent of board members in various occupations (business, clergy, medicine, education, and law); percent alumni; and percent who can give $1 million or more); and variables about the board's fundraising involvement (whether the president is satisfied with the board's level of training in

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[8] One variable that is subject to rapid change is whether an institution is in a capital campaign, but this variable was not included for two reasons. First, institutions that in the quiet phase of a campaign would likely answer "no," yet their donations would reflect a "yes" state. Second, this variable is simply not available. The CIC survey asks whether the college has conducted a campaign in the last three years, not whether they are conducting one at present.

fundraising, the percent of solicitations for major gifts conducted by board members, and the percentages of gift income that came from alumni and board members).

Results

The results of the first two models for each of the three dependent variables, based on previous year's income and endowment, are shown in Tables 4.2 and are included for comparison purposes. We see here evidence that previous year's giving has a significant relationship with this year's. The connection with endowment, while statistically strong, is at a smaller order of magnitude than that for previous year's giving in part because endowments are typically larger than annual funds raised; the median for individual gifts raised was $2.5 million, whereas the median endowment in 2005 was $34 million. We can interpret the coefficient to mean that, for every 1000 more in endowment an institution has, it will raise $22 more from individuals, $1 more from corporations, and $8 more from foundations. By contrast, for each $1000 raised the previous year, individual giving this year will be $780, corporate giving will be $683, and foundation giving will be $1,053. This model, as mentioned previously, suffers from omitted variables, so these values should be treated with caution. Nevertheless, it is a useful illustration of the Matthew Effect. This term was originally coined by Robert Merton to describe the phenomena of previously successful scientists being rewarded by future success, independent of other factors, but it has been adopted by fundraising researchers to describe wealthy institutions being the recipients of even more wealth.

Table 4

Effects of Endowment and Previous Year's Giving on Present-year Giving

Variable	Coefficient	SE	N	R
Endowment				
Individual giving	.0215***	.0015	169	.50
Corporate giving	.0013***	.0002	120	.19
Foundation giving	.008***	.0009	175	.33
Income				
Individual giving	.7803***	.051	175	.58
Corporate giving	.6383***	.0574	126	.50
Foundation giving	1.053***	.0635	175	.61

Note ***=significant at the .01 level

The full models, including all variables except previous year's income and endowment, are shown in Tables 3, 4, and 5. The full model tables indicate four levels of significance, including the rather low level of .1, due to the small sample size.

Individual Giving

The first research question explores the board's relationship to individual giving (see Table 3). Three of the control variables were significant: Graduation rate had a positive impact on giving; the number of alumni had a negative but small impact; and institutional age had a positive impact. The graduation rate's positive impact is not surprising; graduates are more likely to be satisfied alumni. Additionally, graduation rate can be viewed as a proxy for institutional quality. Age, too, has long been hypothesized to have a positive impact on giving. The institutions known for their large endowments, such as Ivy League members, are typically some of the oldest in the nation. The negative impact of alumni size was a surprise; it is possible that students at schools with large

student bodies feel more anonymous and therefore less satisfied, for example, but none of the CIC schools approach the size at which I would hypothesize this to occur. Moreover, the correlation with current enrollment and the number of alumni is not 1, as colleges grow and shrink. Here, the coefficient of -.026 means that for each additional alumnus, the college receives nearly 3¢ less in individual support annually.[9]

Of the board variables, however, only the percent of the board comprised of alumni was significant – and negative. Alumni are the "natural" constituency of any college or university and the group most likely to be donors, so one might expect a high concentration of alumni to lead to better fundraising outcomes. Alternatively, one might assume that these alumni would give whether or not they were trustees, and that a board with many outsiders is better at making new connections among other potential stakeholders. My evidence here supports the latter interpretation, which is consistent with Granovetter's concept of "weak ties." In a seminal article, he found that individuals with larger social networks but weaker connections found new jobs more easily than individuals with fewer, deeper relationships (Granovetter, 1973). By extension, colleges do better by expanding their network than they do by strengthening existing relationships.

This model had the highest R-squared of the three, at .2955. This suggests the variables included have a meaningful impact, but we are a long way from fully specifying the antecedents of individual giving.

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[9] Both the number of alumni and the dependent variable are in thousands.

Table 5

Effects of Control and Board Variables on the Log of Individual Giving in Thousands, per Student.

Variable	Coefficient	SE
Alumni giving rate	.0131	.0087
Six-year graduation rate	.0296***	.0071
Acceptance rate	-.0055	.0059
Number of alumni	-.0260***	.0074
Prez's self-rating of fundraising skill	-.0011	.0043
% prez time on fundraising	.1196	.0915
Institutional age	.0047**	.0022
Number of board members	.0071	.0118
% of board female	-.0020	.0053
% of board non-white	.0011	.0069
% of board in business	-.0030	.0048
% of board clergy	-.0070	.0064
% of board in medicine	.0241	.0167
% of board in education	-.0079	.0097
% of board in law	-.0100	.0134
% of board alumni	-.0075*	.0041
% can give $1 million	-.0063	.0071
Prez satisfaction with fundraising training	.1058	.1863
% of asks done by board	-.0090	.0069
% of gifts from alumni	.0079	.0055
% of gifts from board	.0024	.8871

Note N=145, R^2=.27***=significant at the .01 level**=significant at the .05 level*=significant at the .1 level

Corporate Giving

While the previous year's giving had a large impact on corporate giving, endowment did not. In the final model, the same controls were significant: once again, the number of alumni had a significant yet very small negative impact, and the graduation rate positively influenced corporate giving. The results are presented below in Table 4.

One board variable was significant in this model. As in the individual giving model, the percent of the board who were alumni had a negative impact, although the coefficient is so small that it round to zero at four decimal points. The R-squared for this model was lower, .1358.

Table 6

Effects of control and board variables on the log of corporate giving in thousands, per student.

Variable	Coefficient	SE
Alumni giving rate	-.0037	.0080
Six-year graduation rate	.0189**	.0072
Acceptance rate	-.0013	.0056
Number of alumni	-.0339***	.0106
Prez's self-rating of fundraising skill	-.0027	.0040
% prez time on fundraising	.0327	.0804
Institutional age	-.0006	.0021
Number of board members	.0092	.0114
% of board female	-.0064	.0048
% of board non-white	-.0023	.0084
% of board in business	.0025	.0043
% of board clergy	-.0029	.0065
% of board in medicine	.0323	.0177
% of board in education	-.0100	.0105
% of board in law	-.0037	.0119
% of board alumni	-.0079**	.0039
% can give $1 million	-.0005	.0072
Prez satisfaction with fundraising training	-.0912	.1795
% of asks done by board	.0123	.0083
% of gifts from alumni	.0033	.0055
% of gifts from board	.0033	.0052

Note N=105, R^2=.32
***=significant at the .01 level
**=significant at the .05 level
*=significant at the .1 level

Foundation Giving

The financial models for foundation giving were similar to those for corporate giving; the previous year's giving had a large effect, but endowment did not. In the final model, the trend among the control variables holds. The graduation rate again had a positive impact, and the number of alumni had a negative impact, although again at a level so small as to be almost meaningless. Oddly, the percent of trustees who were doctors had a positive effect on foundation giving. Full results are reported below in Table 5.

This model had the lowest R-squared of all, .0440, suggesting that even though the significant variables may matter, they are hardly the main drivers behind successful foundation fundraising.

Table 7

Effects of control and board variables on the log of foundation giving in thousands, per student.

Variable	Coefficient	SE
Alumni giving rate	-.0036	.0128
Six-year graduation rate	.0279***	.0105
Acceptance rate	-.0129	.0087
Number of alumni	-.0274**	.0110
Prez's self-rating of fundraising skill	.0044	.0064
% prez time on fundraising	.1033	.1356
Institutional age	.0018	.0033
Number of board members	.0044	.0174
% of board female	.0117	.0078
% of board non-white	.0007	.0102
% of board in business	.0089	.0071
% of board clergy	.0080	.0095
% of board in medicine	.0450*	.0247
% of board in education	-.0087	.0145
% of board in law	-.0171	.0198
% of board alumni	.0027	.0061
% can give $1 million	-.0012	.0105
Prez satisfaction with fundraising training	.1827	.2762
% of asks done by board	.0025	.0102
% of gifts from alumni	-.0097	.0081
% of gifts from board	-.0038	.0084

Note N=145, R^2=.18
***=significant at the .01 level
**=significant at the .05 level
*=significant at the .1 level

Discussion

What can we learn from these results? At first blush, they suggest that boards of trustees at private colleges have little influence on fundraising. There may be a degree of truth in this; certainly we know that there are other influences on fundraising, such as the work of the advancement office, and these well may be larger influences. Yet some of the limitations of this study lead us to be wary of treating our results as conclusive. The four major limitations are a lack of generalizability, our emphasis on structural variables, possible mismeasurement of variables, and problems with variables that remain fairly stable over time.

We are unable to generalize our results to other institutional types, particularly those that may have boards that function quite differently. In particular, public boards tend not to be charged with fundraising; this is the purview of related foundations and their boards. Any influence on fundraising at those institutions would operate through changes the trustees create in the institution or in public perception of it, rather than in direct fundraising activities. However, we also urge caution in generalizing these results to other, similar private colleges. With a response rate of 49 percent, it is possible that the presidents that responded or their colleges vary in some significant ways from non-respondents and their colleges. For example, respondents may place a greater emphasis on fundraising, and thus may have boards more involved in fundraising than their nonresponding peer institutions. Similarly, while boards of private universities are quite similar in their charges to private colleges, their larger scale and scope may have implications for board operations and effectiveness.

Any regression analysis, of course, is only able to reach conclusions about the variables included in the equation. My focus on structural and demographic variables means the exclusion of attitude, process, or actions as variables. Thus, we can conclude that race is likely not to matter in fundraising capacity, at the average institution in our sample, but we cannot therefore stretch to say that nothing about the board matters. Some variables I would very much have liked to include are unavailable, such as the percentage of board that donated, the expectations trustees were recruited with, whether the institution was in a capital campaign, and to what extent trustees are involved in capital campaigns or board giving campaigns. I may have simply added our study to the list of studies that fuel to case for moving beyond structural studies – a list that is still apparently not sufficiently long to have enabled the collection of other types of data. Moreover, some of the non-significant results may not be bad news. Having more female board members does not help fundraising, but neither does it hurt it, as some members of older schools of thought might have feared.

It is also possible that some of the variables we do have inadequately capture what I intended for them to. For example, presidential self-rating of fundraising skills might be quite different from ratings done by objective expert observers. The ratings show a Lake Woebegone tendency – the large majority of presidents considered themselves to be quite good at fundraising. Others variables, such as board occupation, may not be fine-grained enough or sliced in the right way. We expected, before we began the analysis, that boards with large numbers of educators and members of the clergy would have poorer outcomes, both because these individuals tend to have lower incomes than doctors, lawyers, and people in business, and because they are less likely to have contacts with individuals with

high capacities to give. Also, a study of Methodist college boards found that presidents and board chairs expressed a greater desire for improvement in overall board performance when boards had more members of the clergy (Likins, 1981). The results did not bear these expectations out. Perhaps many "clergy" are church officials such as bishops and many "educators" are college presidents. Likewise, a category such as "business" is simply too broad, as it includes both sole proprietors of small businesses and Fortune 500 CEOs.

Finally, we need to remember that boards tend to change quite slowly. In any given year, only a few members come and go. Presidents tend to serve multi-year terms. Certain committees remain more prestigious than others, even as their members rotate off. This was the reason we omitted the previous year's fundraising and endowment totals – the variables that influenced this year's results would have varied little in the previous year. But this slow change also means that weaknesses in board fundraising may be compensated for in other, faster-moving, parts of the institution. The advancement office or president, for example, may be able to pick up the slack. Effects may have a long lag time as well. How long must a board have racial diversity, for example, before donors become cognizant of that fact? Board effects for the variables we used may have a long lag period.

Despite these limitations, we can reach a few secure conclusions, at least for the institutions included in our study. First, more data on boards is needed, but we need more than quantitative data at this point. Second, in some ways the nonsignificance of our board variables is good news. Third, our findings confirmed some previous assertions, such as the correlation between institutional age and high levels of individual giving.

Fourth, a consistent trend is seen across all three kinds of giving; high graduation rates increase giving per student, but the number of alumni slightly lowers it. And the presence of members of the medical field on the board positively impact foundation giving.

It is traditional to call for further research on the topic, of course. Yet fundraising needs improved data more than most fields, at least if we wish to conduct quantitative research. We need data that is longitudinal, that has few missing values, that contains the most important variables, and that measures those variables well. In particular, the *longitudinal* nature of this data is particularly important. If board independent variables have a multi-year lag before influencing dependent variables, we will be able to find this more easily with a panel dataset. This would also allow us to use techniques such as fixed effects or first differencing to control for truly stable institutional characteristics. Moreover, we need this data for more institutional types than simply small private colleges. Even for-profit institutions are fundraising these days, albeit in very limited ways.

But, as exciting as such a dataset would be, the community of board scholars may not be prepared to collect it at this time. While we have hunches about what variables matter, they remain only hunches. Before spending the considerable money and energy on a data collection project, we should spend time developing better theories of why we expect particular variables to matter. This requires not only an orientation to theory in an area that has been dominated by practical self-improvement literature, but careful case studies in which we examine up close how boards interact with fundraising. In other words, we need a better basis for deciding what data to collect than we currently have. Otherwise, the quantitative data collected will be as frustrating as what we have today.

One positive message is that board composition should not be an excuse for disappointing fundraising results. While we might legitimately expect differential results from individual members (for example, a student representative on a board is unlikely to be able to make a large donation), overall board composition in terms of broad demographics has little to no influence on fundraising. Institutions are not hurt by having more women, minorities, or members of the clergy, for example. We also see how institutional characteristics such as graduation rate influence fundraising. This suggests institutions need to choose peers against which to benchmark carefully, but it also tells us that areas of expected difficulty may require new tactics. If a college has a low graduation rate, perhaps less emphasis should be placed on alumni giving, for example.

In sum, more research is needed. In the short term, we need better descriptive data, which will enable us to formulate better models of board effectiveness. Better data and better models, in turn, will enable us to provide empirically grounded, data-driven advice for boards and those who work with them.

CHAPTER V

THREE CASE STUDIES OF SMALL, PRIVATE COLLEGES

"Chief executives of nonprofit organizations gave their boards grades of D+ in fund

raising and C+ in increasing board diversity, according to a national survey."(Frazier,

2010)

Introduction

       In the previous chapter, we saw that boards appear to have a small role in college

fundraising, but it is difficult to tell whether this is an artifact of the available data or

whether it represents reality. This chapter, which uses three case studies, is an attempt to

shed light on the board's role in fundraising from another angle, by getting inside the

"black box" and finding out how trustees and vice presidents view the board's role. As

previously stated, the questions examined here are

- How does actual board involvement in fundraising compare with what the

  literature suggests it ought to be?

- What board characteristics seem to affect success, both those included in

  previous research and those that have not previously been captured for

  quantitative analysis?

       The three colleges examined in these case studies were chosen because they were

similar in many ways. (See chapter 3 for more detail on site selection.) All are CIC

members. All are co-educational, historically white, and affiliated with Protestant

denominations. While the strength of their religious ties varies, none would be considered

a "Bible college" or draws the majority of students from that denomination. All are located in the Southeast. At the time of selection and interviews, each president had been in his position for several years, and no major scandals or crises had interrupted normal operations. All three schools are stable and functioning "in the black." Other similarities between the three institutions were not selected for; the three presidents are all white men, for example.

Yet it would be impossible to find three colleges without any significant differences. These schools vary in age, in prestige, and in location. Some of these differences were apparent going in: Maple's board, for example, had eliminated its development committee, and the boards varied in size. The institutions themselves also vary in prestige and fundraising success. Maple raises the largest amount of funds from individual donors, nearly twice that of Pine and five times as much as Oak. However, Pine and Maple raise similar percentages of their revenues from individual donors, both near the national average for private four-year institutions of 14.2%. Oak, by contrast, receives only 6% of its revenues from individual gifts. Other differences became clear as the case studies progressed and will be discussed as they arise.

Although this research was not designed to formally test any hypotheses, nor was it approached in the naturalistic tradition advocated by Lincoln and Guba (Lincoln & Guba, 1985). Given the wealth of proscriptive literature, it was impossible to avoid the expectation that the three boards would in some ways reflect the proscriptions therein – and the common failings described. I expected, for example, that involvement with fundraising would vary widely within each board, and that the expectations of the presidents would guide board member involvement. I expected board members to feel

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pressure from students and other stakeholders to sail their colleges in particular directions. And I expected boards to have a lesser role in mission- and goal-setting than many theorists advocate, but not to abdicate it entirely, in part because of stakeholder pressure.

In each interview, I asked a similar set of questions, which are detailed in Appendices A and B. These questions can be grouped into several categories:

- Personal background
- Orientation, training, and expectations of trustees
- Giving history, both personal and institutional
- Board structure
- The board's duties and responsibilities, with a focus on fundraising
- The board's relationship with the president and vice-president of development
- Mission- and goal-setting

Pine College

Overview

Pine College was founded in the 19th century as a men's college with denominational ties. While it has maintained its religious ties, it is now coeducational. It is in a small town, Pineville, near the larger Fir City. *US News and World Report* ranks Pine in the lower half of its national liberal arts college rankings. Pine is in many ways the archetypical small liberal arts college. The current president is "Porter" and the vice president for development is "Patricia." Trustees also made references to President "Pryor," who served before Porter.

Pine has a 40-person board with term limits. Until recently, it had 10 standing committees, including the Development Committee and the Executive Committee. About a year ago, however, the Development Committee went dormant and was temporarily replaced by a campaign committee. Pine is currently in the silent phase of a capital campaign. Additionally, some members of the board are or were involved in the Annual Fund and the Pine Needle Club, an athletic booster society.

Fewer than one in six board members are female; even fewer are minorities. Three-quarters live in the same state as Pine; some live in Pineville or Fir City. About one-fourth are retired. Most are in business, either owning their own small businesses or holding a high rank such as partner in a local business. One is a member of the clergy, appointed to the board by the denomination.

While not all of the following were mentioned by every trustee, in general they told a story about the recent history of Pine that went something like this: *Pine admitted women several decades ago, which caused ripples at the time that have largely subsided, and it has a denominational affiliation that has weakened over time. While they were divided as to President Pryor's legacy, they agreed that he did not conduct a capital campaign during his service, leading in part to the decision to hire President Porter, who has a strong background in fundraising. Now, Pine is in the silent phase of a capital campaign. Athletics are an important component of student life and the campaign. Pine competes for students and philanthropic dollars primarily with other institutions in the state.* This common background was the "institutional saga" relied upon by board members (Clark, 1992).

Board involvement in fundraising

For most board members at Pine, involvement in fundraising was limited to making donations, approving policy originating with the administration, and getting more involved only when directly called upon by the administration. Additionally, board members who resided in Pineville or Fir City were expected to attend many on-campus events, including fundraising and athletic events. Individual board members had widely varying involvement in fund raising, strikingly different assessments of the board's performance at it, and various levels of sophistication about fundraising. Despite these differences, they told a fairly consistent story about recent history of the board, the president and the college.

The one fundraising activity nearly all board members participated in was donating. Members reported they were expected to give to the annual fund each year, and while there was no absolute minimum donation, they were strongly encouraged to give at the Sapling Society level. "We don't have any written policy, any written guidelines," said Patricia, "Which sometimes I wish we did, but, um, really it's just based on their ability." One board member holds her position *ex officio* through the church, and, Patricia said, that if there's anyone who doesn't give would be her. However, in the "last two years she's understood to send in just a little bit to make 100% participation." Another member was told when recruited, "that there was a financial expectation although fairly minimal to join at the level, I believe it's the Sapling Society … and that you would make Pine one of your top philanthropic interests." Yet board members were uncertain what the minimum donation to join the Sapling Society was; estimates ranged from $1000 to $2500. One very recent recruit even said, "I don't think that really anything [about

expectations] was said to me, except to be an active participant in the board." An expectation that members give was not explicitly mentioned, although, "I understood there was, because I've been on other boards." Additionally, during the capital campaign, board members were expected to give a campaign gift.

Board members also were involved in fundraising via approving policy that originated from the administration: "I think [fundraising policy] is driven by the administration in cooperation with the office of development; I think it's with the board's advice and consent." Fundraising goals were set by the development and finance offices and then "presented to the board and blessed by the board," in the words of another member. The vice president reported that the financial officers of the college set the annual fund goal, but that most fundraising policy was "primarily overall set between the president's office and my office." Patricia said the board had not set policy "recently" but had the authority to "override some of the policies":

> I'll just give you an example. The policy says that any bequest that's $25,000 or more that's undesignated will go into the endowment. Well, we have just received one that's $125,000. The president wants it to go for the library, so in order to make that happen, he has to go to the board for their approval to override the policy.

This, despite the framing, is approving policy rather than setting it.

A third form of involvement was attending events, primarily on-campus. Board members' fulfillment of this expectation varied by their geography; several trustees contrasted the expectations for a particular member who lived in Hawaii with those who lived in the immediate region. While all were expected to attend board meetings, regional alumni were expected to do more. Those who lived farther away were expected to attend the rare events that were held in their areas. One member said

We probably hit our Fir City alums a little harder in terms of visibility and ambassadorship. We really expect them to be at as many functions that the college hosts or co-hosts as they possibly can. Not everyone can be at every football, basketball, volleyball game, but at the big ones we hope people are there, as well as major events which are philanthropic by nature either directly or indirectly.

This member emphasized that the college paid for admission to many of these events for board members:

I think it's very important that if you're going to have your board members with a fundamental set of responsibilities, being philanthropists, being ambassadors for the college, ergo attendance at events, that you need to make that as easy and painless as possible for the board members … The flip side of that especially at a small school like Pine is that you do have a fairly limited budget … But at the end of the day it's a much more saleable feature to someone who says, my college pretty much takes care of me and my every need as a board member; yeah, I can make that 25% increase in my pledge.

One consequence of this was that some board members perceived a distinction in the relations between local board members and those from farther away. Some trustees attended all on-campus basketball games, both men's and women's. By contrast, a member said, "I attend as much as I can, whether it's at the school in the area where I live … I certainly make it to every board meeting, and possibly one or two times a year." As a result, one member said:

Those of us in the Fir City area that see each other socially outside of Pine events, or at Pine events, we feel very close to one another. Some of the guys, one of the guys in Hawaii, he probably only makes two meetings a year, so those are the only two times I see him, so it's hard to establish a relationship. … So those who aren't at the college, who don't see each other, don't sit with each other at football, basketball games, it's much harder. And having just completed our trustees' review of the group that's up for selection, that was a consistent theme among the out-of-town trustees. They don't feel unwelcome, but they feel, what was the word, detached.

While all board members, except perhaps the church-appointed clergymember, were expected to donate, approve policy, and attend events, further involvement depended upon unusual interest by a board member. "The only ones that even really think

about [referring prospects] are the ones that are on the advancement committee," said

Patricia. As for making the ask, she continued, "There is one, maybe one or two that

would feel comfortable enough to make the phone call themselves, but the rest don't feel

comfortable enough to make a call." Members themselves confirmed this

> We do go through lists of prospects periodically … and I guess if asked we could solicit prospects, but I'm not sure we have really specifically asked many people. Occasionally there will be a donor that Patricia says will be in my area this day, can you go with me? I tend to do that fairly frequently as chairman with the president or with Patricia, but the other members haven't done as much.

By virtue of their membership on the development committee, executive campaign

committee, or annual fund committee, certain members were more involved than others

in fundraising. One member's entrée onto the board was even through the annual fund

committee. In his 20s, he volunteered to work on annual telethons, which led to

membership in the annual fund committee, then the advisory board, and then the board of

trustees. Because members have a choice of committees, those on the fundraising-related

committees tended to be there at their own request. Most members mentioned that there

were other members who did not like to make solicitation calls.

Despite the fact that all trustee informants were chosen for their above-average

experience with fundraising, their sophistication about fundraising varied widely, as did

their assessments of the board's performance in this area. Several members were quite

satisfied: "I think it's probably where it should be with the broad mix of people we have

on the board." And, "I think [I am satisfied with the board's contribution to fundraising],

I think so. I think there's always room for improvement, but all and all I would say it's

good." Another felt he didn't have the information necessary to make that judgment, but

his criteria were strictly how much members donated, not their broader involvement in

fundraising:

> I'll tell you, several years ago I was not [satisfied]. I don't know what the total
> giving is, because I don't think it's really public knowledge, even to the board. I
> would like to see a stratification of the board giving by various categories so you
> would know how much the members of the board contributed, and not necessarily
> names, but how many were in certain categories … I'm sure the development
> office has that info, but I don't believe it's, I believe it should be shared with the
> board.

These board members tended to see board fundraising goals in terms of giving: "I

think it's very important for our board members to maintain at minimum Sapling Society

level, and I think we had 100% participation, I think we're about 85% or 90% on the

Legacy Society, which is putting people in their estate plans."

One board member dissented notably from the rest when asked how satisfied he

was with the board's contribution to fundraising:

> Marginal. We have got several board members who have made phenomenal gifts,
> but as a board we still have not been trained to look at the continuum long-term
> fundraising obligations to a board. I think that most of our board members look at
> fundraising as a knee-jerk response to a problem that raises its head. … I just
> don't think we've been training, um, over the continuum of how to give and how
> to raise money. … So when you're doing you're analysis, I don't want – it's not
> that anyone's selfish, not that's anyone's not giving, but that we need to learn to
> be more generous.

Patricia, the vice president for development, echoed these sentiments:

> Oh, I think they definitely should be doing more. We have, but I think it's the
> culture here, that there as never an expectation that they do that, and so as our old
> board members are rotating off and we bring new ones in, we, being me or the
> president or the board chair, has the conversation … We're going to be much
> more deliberate about what our expectations are … But the group that's in there
> now … they can serve 12 years, so some of them have been on the board for say
> 11 years and they have never been asked to solicit their friends before, so it's a
> little difficult to change that.

Notice that all these answers consider the actions of individual trustees, rather than their collective actions. Trustees did not seem concerned about whether the board was setting policy, micromanaging development, or being too hands-off.

Another way in which trustees displayed varying levels of sophistication was in their responses to why donors gave to Pine and what challenges Pine faced in fundraising. Most of the trustees offered reasons that apply to all of higher education, or at least private higher education. Almost all cited the economy as a challenge. One trustee mentioned the challenge of finding a funding need that coincided with a donor's interest. When specifically pressed about problems unique to Pine, one trustee mentioned that Pine's endowment was smaller than its competitors, giving it less flexibility; another felt Pine didn't have any unique challenges. As reasons for giving, trustees felt that donors gave because of positive experiences as students:

> One of the biggest reasons is many people who are likely to give, probably the same thing on other campuses, they feel they owe something back to the college … And I think optimism: Seeing good things happening and believing in the direction it's going.

One mentioned that local businesses gave because Pine contributed to the local workforce, which again is true of most institutions. The point is not that these answers are "incorrect": indeed, the economic downturn has affected charitable giving to higher education, and satisfied alumni form the core of most college's donor bases. However, these answers did not indicate a particular sense of what made fundraising at Pine different from fundraising at any other private college. One trustees responded solely with these types of answers.

Others, however, had a better sense of Pine's particular situation. As mentioned already, one trustee articulated the challenge of Pine's small endowment. Another felt the

college, and consequently its alumni base, were too small: "I don't think there are a large group of extremely wealthy people among the alumni. In fact, several campaigns ago, most of the money was raised outside the alumni group." In Pine's favor, one trustee said, "I think we have quite a few advantages that other schools might not have. We have a balanced budget … We have increasing applications. We have a new college master plan and strategic plan for the college that's just exciting." One board member in particular articulated a range of weaknesses. Pine hadn't

> done a good job of telling our story, as good a job as we can. And we probably haven't even been as accessible as we should be to [large regional companies] or any of the big banks. … and I think we took a hit during the President Pryor years; the dozen years he was president he dissociated himself from almost all the alumni of the time.

These differences in board members satisfaction with and understanding of fundraising were echoed in their sentiments on other aspects of the board's roles, as I discuss in the next section.

Board roles and responsibilities

Most board members had a similar background; after graduating from Pine, they had remained involved (at least as donors) since graduation, served on the Advisory Board, and then been asked to join the board. The majority of board members were alumni. A good percentage had served on the advisory board as well. Their vision of the role of the board did not align well with what the literature suggests it ought to be. While experts are divided as to whether board members should be making policy, none of the trustees at Pine saw that as their de facto or de jure role. Additionally, their vision of who the board represents and whose interests it protects were more limited than the literature

suggests they should be. Finally, while they accepted the responsibility of hiring the president, they saw their ongoing relationship as one of support rather than monitoring.

When asked what the board's most important roles were, a broad range of answers were given. Three trustees mentioned each of the following: hiring, firing, or evaluating the president; fiduciary duties; and philanthropy and fundraising. Two trustees mentioned supporting the president but did not mention evaluation. One mentioned serving as an ambassador of the college, and another mentioned academics. These answers are all in line with what the law and experts suggest, except for the one about supporting the president rather than serving in a more evaluative capacity.

Similarly, board members gave varied answers as to whom the board was accountable to. "The college" was mentioned by three trustees; students and alumni by two trustees; and parents, faculty, and "no-one" by one each. Some trustees made a point of stressing who the board was *not* accountable to – the faculty, the church, or the president. From a legal point of view, these answers are confusing. Trustees that are elected or who hold their positions *ex officio* can be considered accountable to those who put them in their positions, but self-perpetuating board members are accountable to the public. Additionally, when asked about whose interests the board represents, trustees made it clear that they represented the college – they did not see their role as the "Janus-faced" or boundary-spanning role between the college and the public that experts describe it as (Duryea & Williams, 2000). Instead, the trustees clearly represented the college to the community: "ambassadorship, presenting a good public face on behalf of the college," was a duty of the board according to one trustee.

The board also made it clear that their role was not to make policy but to approve it, not just in fundraising but in general. As discussed in chapter II, whether boards *ought* to make policy is a question the experts are divided on. To the extent they do make policy, rather than approve it, the policies should be high-level rather than low-level. One board member described the board's role as, "It has a responsibility I think to, to review and question administration's policies. It has a responsibility to be supportive once decisions are made, to be supportive of the college's goals and objectives." Another mentioned that trustees should "make suggestions to the president about ideas" – not to the board.

Some of the differences in board members' perspectives on their duties and responsibilities may be due to the lack of training. One long-time trustee said there had been no orientation when he joined, but there was now. Another who had joined about ten years later reported having "a brief orientation of what was expected of trustees" when he joined. A more recent recruit reported that "two members of the board committee on trustees met with me prior to my first meeting and went over a lot of the basics of the board, and I also visited the college to meet with some of the senior administrators." Another trustee described the changes that had been made to board orientation:

> We've revamped the book [given to new trustees] a little bit, and we're more specific in terms of what we're asking people to do. … We have started giving all board members, all new board members, membership in AGB. They get information before they get on the board about how to be an effective trustee, what trusteeship means, so we ask them to read that, and I actually go over many of the points in that little handout with them.

Patricia reported that as part of orientation, new board members spent two hours with her, explaining what her office does and going over expectations. "I do tell them we

like to have 100 percent participation. And if they self-identify that they have some interest in development, then they're put on the development committee."

In sum, at Pine board members considered their fundraising responsibilities to include personally donating and attending events, except where geographically precluded. Further involvement, such as referring prospects, was left up to the discretion of individual members. The board's role in making fundraising policy was minimal. While the trustees were in agreement that it was time for a capital campaign, and that all trustees ought to donate, there was little consensus beyond that as to the expectations for individual members. In general, trustees had thought about the concrete duties of their role, but not about the purpose of a board – which aligned with how they were recruited and trained.

Maple College

Overview

Similarly to Pine, Maple College was founded in the 19th century as a men's denominational college, and it also has maintained its denominational affiliation while becoming coeducational. It is located in an urban area, Maple City. According to *US News*, it is the highest-ranked of the three colleges in this study. Before the analysis began, two things stood out about Maple that differentiated it from Pine and Oak: its relative prestige level and its recent decision to eliminate the development committee. (Overall, 94 percent of CIC members had fundraising committees in 2004-2005 (Willmer, 2008).) Maple is presently in the public phase of a capital campaign. President "Morton" and vice president for development "Madeleine" are heading up the campaign.

Maple's board is smaller than Pine's, with 30 members as well as some non-voting members, who are not discussed here. This represents a significant downshift in size that occurred at the same time as the elimination of the development committee and will be discussed at length below. Almost half of the members are from outside the state and nearly two-thirds are alumni. The gender and racial breakdown of the board are similar to that of Pine, although they have slightly more female members. While trustees have similar occupations to their counterparts at Pine, Maple has fewer retired members – about 10 percent of the board versus Pine's 25 percent. Maple also has non-voting student and faculty representatives on the board; these representatives serve on committees and serve shorter terms. The board has five committees, with each member serving on one.

Unlike at Pine, there is no standard route to board membership. Maple actively recruits parents of current students to serve on the board, some of whom stay on past the graduation of their children. Other members are community leaders with no previous ties to the college. Still, nearly two-thirds are alumni, but the set of offices and activities they held before being asked to join the board are much more varied.

Participants at Maple were much less likely than those at Pine to discuss the college's history. While Maple underwent significant changes within memory of today's trustees, these historical shifts seemed to play less of a role in defining what the college is today. The one exception to this was that trustees noted a lesser role for the church than in the past, but even this was mentioned less frequently than at Pine. The story the trustees told about Maple was this: *Maple is a selective, prestigious liberal arts college that competes with other similar colleges in the Southeast, and to a lesser extent in New*

England. It has a beautiful campus "on the hill," enabling it to boast the amenities of city life and the peacefulness of a traditional college campus. The current capital campaign is focused on endowment for scholarships rather than on the physical campus; the most recent capital project was a new science hall.

Board involvement in fundraising

Unlike at Pine, board fundraising involvement at Maple did not require attendance at campus events. Otherwise, their involvement was much the same: Board members were expected to donate, approve administration's policy, and get more involved when called upon. Board members had had more consistent perceptions of the board's fundraising efficacy, what could be described as "moderately satisfied." The lack of a development committee was perceived by some members to be a problem. In the following section, "expectations" refer only to what is expected of voting members, not of student or faculty representatives.

All board members were expected to donate to the annual fund, but the minimum gift was three times the size of the expected minimum at Pine. (One trustee reported that there was no minimum.) Additionally, during the campaign gift, all members were expected to make a three-fold pledge: an five-year pledge to the annual fund, a capital campaign gift, and a deferred gift. Madeleine, the vice president, said that parents were exempt from the deferred gift, however: "Certainly we give them the opportunity, but … a lot of times a current parent who's a trustee will say, really, it's my child's place to do that sort of major commitment." Trustees agreed that all members understood the expectations placed on them in regards to donations. One board member said, "That's covered very clearly at the time we have an orientation session with them. It's in writing,

it's in our guidelines, it's emphasized at thee time of orientation, it's emphasized annually as well." While trustees reported 100 percent board giving, there was a great deal of uncertainty as to how much other members were giving or expected to give.

Involvement beyond making donations was generally described as something individual board members were "called upon" to do by the administration. Trustees spoke of the development staff asking them to approach specific prospects. A few mentioned independently referring prospects to Madeleine, but this was not considered a basic expectation of all members. Very few mentioned actually "making the ask," with the exception of board leaders following up with fellow members who did not make their required gifts in a timely fashion.

In the policy arena, participants made it clear that President Morton and the development office decided when it was time for a campaign, how much it was for, and what direction it would take. The board's role was primarily limited to approval. "As far as the annual fund, the board does not set that policy," said one. "The board itself would approve a set of policies that the campaign executive committee [which included non-trustee members] would be recommending. Those would probably have been generally outlined and designed by the president and Madeleine," said another. Board members did speak of a policy-making role, but the example cited by several participants was a low-level policy decision, that of how gifts were to be counted. While nearly every trustee mentioned this, Madeleine provided the most succinct description:

> The campaign executive committee got together and we did extensive research on how we wanted to count deferred gifts and relooking at our recognition societies … and they kind of put together a formal document that they presented to the to board for final approval and discussion.

When I asked if she was involved, she said:

Oh heavens yes. Morton, the CFO, and myself were in the conference calls where we had those meetings, and we had subcommittees that I met with … I wanted them to be educated before they made their decision. For example, okay, if you're going to count face value for bequests, I need you to know that is not an industry standard these days. … And you know, I don't really care how they count, quite frankly. It's whatever they want to do, if they feel strongly, and I was real open.

Nevertheless, the board took its approval of policy seriously. One trustee said:

Even down to the amount of the capital campaign, that was hotly debated. It was a lot to go, and you know the rule of thumb was that before you go public with it, you're supposed to have 2/3 of it already in your pocket. And we weren't quite … at the 2/3 level, but [the former board chair] pushed it … said we can make up that difference, and we don't have to live by the rules.

As at Pine, members expressed varied levels of satisfaction with the board's performance at fundraising, although none were highly critical. The most critical expressions were couched in terms of a lack of a "ceiling" on giving:

You can never do enough, right? I think you give until it hurts, you do whatever the school thinks you're capable of helping them do. Sometimes there are board members that can't deliver as much as they think they can, and then there's some that could probably deliver more than they think they can.

Another trustee was "satisfied." "I think some could have given more [in the campaign]. I know what I gave, and I know I'm probably on the lower end of the salary range for the board … I mean, sometimes I'm disappointed when they just gave a million dollars when I know how much they can give." A third said, "I'm very pleased. I think we've got a couple folks that we've got to do a little work on, but in general extremely pleased to how everyone has responded."

Yet board members at Maple they also expressed a lack of knowledge about their fellow members' fundraising activities: "I don't have a good answer to that. Because we don't have a committee and we're not hearing, so I don't know what every single board member is doing, I don't. I get the feeling that there is good participation, and some

people are better at it than others." Another said, "I don't know how many of the board members are [involved with fundraising]; I know from time to time there have not been participatory board members, but I don't think it's a very large number." For some trustees, this lack of knowledge was tied into the disbanding of the development committee: "That did not go over well with a lot of people." Not all trustees regretted its loss, though: "To have a committee just to look at numbers and whatnot, I don't know that we've lost steam or headway in not having that committee." Another said that fundraising should be a part of every committee's responsibilities. The difference of opinion was summed up nicely:

> I think people thought it was mostly about hearing reports … there was not a lot of effort in terms of here are people you need to call, here's people to visit about a donation or a gift … Once the campaign is finished, gosh, I would not be surprised at a reassessment of that, and perhaps forming some type of group.

Maple trustees were roughly equivalent to their peers at Pine in terms of their sophistication in articulating their college's fundraising strengths and weaknesses. One trustee, for example, articulated sentiments familiar to any college trustee: People give because of "passion, fond memories of their own, or in memory of someone they loved and admired." Maple's greatest challenge, again, was the economy, plus "is your story crystal clear? … I think that this is an area of differentiations we've been spending time on it, but I'm sure College X spends time on it, College Y spends time on it, Z, I mean, I don't think we're unusual." Other trustees basic arguments were the same, but they were able to articulate specifically why Maple donors might have warm feelings toward their alma mater. "You have very close contact with your faculty, the faculty just care so much about the students. It's not just show up, give a lecture, leave … from an alumni perspective you just want that experience to continue." The same trustee mentioned the

economy as a challenge, but also the campus. "You have that beautiful campus, it's perfectly manicured, the buildings are gorgeous, why do you need money?" Another mentioned the challenge of being a liberal arts college in a market with strong public competitors, in particular universities with honors colleges.

Board roles and responsibilities

As suggested earlier, board members at Maple came from more varied backgrounds than did those at Pine. Despite this, their beliefs about the board's role were similar. They did not see the board as making policy. And their relationship was, if anything, even more strongly tilted towards "supporting" the president than evaluating him than at Pine.

When asked who the board was accountable to, three trustees said "students" and two said "faculty." Other answers included the college, parents, the local community, itself, the president, and all constituents. As at Pine, these trustees did not see themselves in a boundary-spanning role, except perhaps for the trustee that mentioned the local community. This was an interesting answer, given that the community referred to was clearly Maple City rather than the catchment area of Maple's students.

Trustees said their most important role was stewarding resources or upholding the board's fiduciary duty, an answer given by three members of the board. Trustees also mentioned the college's vision, supporting the president, upholding the mission, and providing leadership. These answers differ from those at Pine in three significant ways. First, while three Pine trustees mentioned hiring, firing, or evaluating the president, no Maple trustees did. Second, three Pine trustees mentioned philanthropic obligations as

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one of their most important roles, and no trustees at Maple did. Finally, the trustees

mentioned fewer duties as important – about half as many.

The board members' relationship with the president was particularly interesting.

At all three colleges, the president enjoyed the enthusiastic support of the participating

board members. However, at Maple, the board placed a greater emphasis on supporting

the president and more frequently mentioned the president guiding the board. Members,

for example, had been asked to join by the president or former president, rather than by

the board chair. "He had an agenda he wanted to carry out, and he was looking for some

change agents," one member reported. "Mason and Madeleine do a great job of keeping

us as board members focused," one said; another said, "I think it's truly become Mason's

board at this point." A third said, "I truly believe a board is simply there to support its

president or support its leader." When asked what one should do if one couldn't support

the president, this trustee replied, "Get off the board." Yet another trustee said that if the

board wasn't doing its duty:

> I guess ironically Mason would be someone I would, which is maybe right or
> wrong, but he's good, he's really good at knowing who'd being effective, who's
> not being effective, who's carrying their weight, not carrying their weight. Of
> course he answers to the board … I guess if there was a problem I'd probably
> mention it to Mason, but I guess the trusteeship committee would be the place to
> go.

One board member did speak of the balance between the twin evils of "where you have

an administrator or president or whatever that's a little more dictatorial and wants to be

left alone" and a board that provides "day to day management." Otherwise, no member

brought up the notion of a board providing a check on presidential power.

Oak College

Overview

Oak College is slightly younger than Pine and Maple, founded just before the turn of the last century, and it was coeducational from the start. It is located in the town of Oakville, about an hour away from the metropolis of Opal City. *U.S. News* classifies Oak as a regional college. While Oak is a liberal arts college, its students tend to major in career-oriented fields such as education and business. It is affiliated with a Protestant denomination, with stronger ties to the denomination than at either Maple or Pine.

Oak is not currently in a capital campaign; its last campaign was about a decade ago. President Oliver and Vice President Olympia are looking forward to beginning a campaign once the economy improves. Currently, they are planning "mini campaigns" for bricks and mortar projects.

The board itself is comprised of about 35 members, 9 out of 10 whom live in-state – mostly in Oakville or Opal City. One-fifth are female and one-half are alumni. Some of the alumni were involved in the alumni board before being asked to serve, but this was not typical. The paths to board service at Oak, like at Pine, were diverse. More members of Oak's board were ministers than at either Pine or Maple, due to requirements in the bylaws. The board of trustees has eight standing committees, including a development committee, and makes generous use of ad hoc committees.

Trustees spoke of Oak as a place with a strong church connection, a good Division II athletics program – several mentioned their recent national title in baseball, and a mission to serve an economically challenged region. But their account of its history went back about 15 years to Oak's name change, a change that alienated many alumni. In

part because of this change, trustees felt more confident of community support than alumni support. About a decade ago, Oak conducted its most recent capital campaign, a campaign that barely met its goal. President Oliver took office at the end of that campaign, and trustees spoke of him and his wife Olivia with great enthusiasm. This was the only college at which a presidential spouse was mentioned, and it was evident that Olivia filled the classic (unpaid) "first lady" role at Oak.

It was also evident that the current president (and his vice president of development) were making Oak a more bureaucratic institution - not in the commonly used pejorative, but in the strictly Weberian, sense: They were transforming Oak College into an institution governed by policies and procedures rather than by personality and ad hoc decisions, moving from charismatic authority to legal-rational authority.

The story board members told about Oak was this: *Oak serves an economically underdeveloped region. Most of the students come from this region and enter vocations that require education but are not particularly remunerative, such as teaching. The strong church tie is an asset, but the college's name change alienated many alumni. However, Oak has forged strong connections with the local community and achieved success in athletics in the last decade.*

Board involvement in fundraising

Oak was like Pine and Maple in many ways. Here, too, most trustees limited their involvement in fundraising to donating. Yet there were some differences, beginning with the presence of an active development committee. There were themes present that were absent at Pine and Maple, such as the involvement of the church and what some

considered to be a failed capital campaign, and a less close working relationship with the vice president of development. While trustees varied in their ratings of the board's job at fundraising, the spectrum of opinions was not as wide at Oak – it was more uniformly negative. Yet their knowledge of fundraising was as varied as at the other two colleges.

Oak's trustees all donated (although 100 percent giving was a new phenomena, which will be discussed more in the section on board satisfaction), and all but one donated at the "Quercus Society" level, which Oliver and Olympia said was the minimum requirement for board members. Not all trustees were aware of this, however; several said there was no minimum donation required. All trustees, however, knew how much money Quercus Society membership required, unlike at Pine. The chair of the development committee and the board chair did some solicitation to ensure 100 percent board giving was achieved: "I had to make a couple phone calls, not an awful lot. I think it was four. But I gave them a little push, a little bump, a little encouragement," the chair said. Most of other trustees were not aware of this "policing." In addition to giving, some trustees referred prospects and made calls; "Not all trustees feel comfortable making a call, but a good handful of our trustees are comfortable and they do refer prospects," Olympia said.

The presence of a development committee, which technically makes Oak unique among the three cases, was in practice not far different from the situation at Pine, which had temporarily suspended its committee for the capital campaign. "We're to raise money for the school, in any way possible, any way we can," said the committee chair regarding its purpose. The board chair spoke suggested the committee should "have [the fundraising activities of the college] properly focused; and realistic and challenging goals

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each year; and to try to match up the capital needs of the school with an appropriate schedule for major fundraising committees." The committee met prior to board meetings, which occurred three times a year.

One of the most obvious differences between Oak and the other two cases was the more prominent role of its denominational affiliation. First, Oak was unique in that its board was committed to having a certain number of ministerial representatives. While no trustee voiced any opposition to this practice, it – along with growing expectations for board fundraising – created some challenges. Second, funding from the church, both directly and through donors tied to the church, played a larger role in the college's finances, at least perceptually. In fact, while Oak received more dollars from the church than did Maple in 2007-2008, it received substantially less than Pine, according to data from IPEDS and VSE. Percentage-wise, all three colleges received less than 1% of their budget from their denominations; the percentage was highest at Pine, where trustees repeatedly downplayed the church's fiscal role. This data does not include the impact of individual donations that were given in part because of the college's religious affiliation. Nevertheless, Oak trustees and administrators strongly emphasized the church's role, not only in terms of policy (which will be discussed later) but also of finances. The president, for example, said:

> We just received almost a quarter million dollar gift and bequest connected to the church … while the church itself doesn't give a lot of money, the connections we have because of the church and the historic connection of the college to the church allows us access to quite a few.

One trustee said:

> We have some people on the board because of the makeup of it that [giving at the Quercus Society level] may be a struggle for them, because we have three

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ministerial representatives, three ministers, who are on the board, and all those might not be able to give charitably at that level.

Note that the analysis in Chapter IV found that, overall, having members of the clergy on boards had no *overall* negative fiscal impact.

Trustees also spoke quite a bit about plans for the next campaign, including the planning process that led to the selection of the particular project to be funded. The new master plan had been subdivided into several projects, and the trustees felt the first priority should be the Main Quad, which was supposed to serve as the heart of campus but did not look the part. One trustee said they "brought in a lot of consultants" to develop the plan, but the president gave the credit for selecting the Main Quad as the first phase to the board.

Compared to their peers at Pine and Maple, trustees at Oak reported less contact with the vice president of development, especially formally: "Not so much. We mostly are communicated with by the president, and she comes through him." One trustee said he worked more closely with the president, because "I feel like I don't want to do an end run on the president." Other trustees said that in matters of fundraising they were more likely to be in contact with one particular senior member of the president's leadership team. This person had a long tenure at Oak College and experience with development. The exception to this was the chair of the development committee, who said that he and Olympia were in contact every few days at the end of the fiscal year, but otherwise it was "every two weeks." Informal contact was more frequent, however. Olympia said that she often saw board members at various campus events, or, "You know, my husband and I go out to dinner, and a trustee walks in with his wife and he says, can I join you, and there we have a great two-hour conversation and meal."

The board members interviewed at Oak had a close consensus as to whether the board was doing a good job in the area of fundraising. A representative comment was:

> I think we need to do better. I think we've certainly made some improvements over the last couple of years and I think the president has been instrumental in making everybody more aware of the responsibilities of trustees to provide financial support. It never really had been discussed to any great extent until maybe three or four years ago. So as our funding needs have become more acute, we've really turned up the heat on the trustees that we really have some definite expectations for trustees to meet some certain financial goals.

Trustees said that there had been improvement due to turnover, including the departure of some members who had served for decades but were not big donors. Specifically, one member said, getting 100% giving was still a challenge, especially because of the board's requirements for denominational representation. But one said, "The ministers, we don't expect much. … But there are some very wealthy people who have given practically nothing. … These are actually very important people on the board. They're not peripheral." Another said the board needed to reach out and develop a broader base of supporters. Along similar lines, another said that the board needed to do more "soliciting funds with people" and "talking about the college and the goodness of it."

However, much like at Pine and Maple, trustees displayed various levels of knowledge about fundraising. They were more able to articulate than their peers what their college's particular strengths and weaknesses were, but their awareness of operations, particularly campaigns, varied greatly. Oak's unique strengths, a trustee said, "I think it starts with the president," and, "We've got a lot of people that know people, and they've got some clout, I guess you can say." Board members also cited a strong relationship with local business community and Oak's church ties. They were better able to pinpoint the college's challenges, however. Several mentioned the lack of trustee term

limits until recently. The nature of the student body was also mentioned. While one said

Oak hadn't done a good job of cultivating an expectation of donations among students as

future alumni, another said:

> Another challenge we have is that I think something like 40% of our students are first-generation college students … and we are graduating a lot of educators and a lot of nurses, who typically are in professions that while, you know, they're very admirable, it's not like you're graduating a bunch of engineers that are going to go out and make a lot of money in the dot com world and become huge benefactors of the school.

Finally, of course, the name change was mentioned as well: "[We have] tons of

challenges, the first being the name change that you, basically, the only nice word I can

think of is alienated a group of people who have been there and supporting the school for

a long time." While trustees also cited more general strengths and weakness, such as the

economy, competition for philanthropic dollars, giving because of "debt" to the school

and "to make sure the same opportunity that was in front of me is in front of somebody

that's the next generation," and the category of school Oak fell into ("small, private

school, church-related, individual instruction if necessary, small classes – students know

their professors, the professors know them. It's almost like a family affair"), they were

overall very aware not only of these larger trends but of Oak's particular position.

Yet when discussing fundraising operations, trustees were not as knowledgeable.

There was disagreement, for example, as to whether fundraising for Main Quad project

was only in the discussion stage or whether it was a certainty. Another topic that came up

was the previous capital campaign, which was not an unalloyed success. The campaign

funded a mix of facilities, programs and (the largest component) "deferred giving,

undocumented gifts, annual fund, all the stuff you add up in a comprehensive campaign,"

according to the president. He said, "My first year we went through the whole analysis

trying to figure out where we were on the campaign, and then we presented it at a retreat of the board, and we declared victory and moved on." The president himself mentioned that in regards to the previous campaign, "The executive committee is quite familiar with what, or the executive committee at the time, was quite familiar with what the issues were with respect to the previous campaign, and that the rest of the trustees were not necessarily." However, the chair of the campaign said the goal was met. While the campaign total was modest by today's mega-campaign headines, the combination of a nearly failed campaign plus the present recession left the administration reluctant to tackle a fundraising campaign of the same size. However, they were also aware of the stigma of announcing a capital campaign that was not larger than the previous one. Both Oliver and Olympia were careful to state that the planned campaign was a "mini" campaign, a "special project" campaign carefully designed to be achievable – including a modest price tag – but most trustees simply saw it as another major capital campaign. In their view, anything other than annual fundraising was a "campaign" regardless of size. While technically accurate, this view did not register the finely calibrated concerns of comprehensive campaigns versus special projects or public relations concerns about the necessity of ever-larger campaigns.

Board roles and responsibilities

The board's broader scope included a greater policy-making role than at the other two colleges, but they were equally in disagreement as to what the board's role was supposed to be overall.

The board's vision of to whom it was accountable not unified. Three trustees

mentioned students; other stakeholders included the administration, the board chair, the

president, itself, the church, and alumni. Responses as to the board's most important duty

were also quite varied. Two trustees each mentioned fiduciary duties, providing financial

support, and dealing with the president. Other answers included providing personal

expertise, ambassadorship, staying on the "leading edge of education," and making sure

the college was "working properly." One trustee said the board was accountable:

> to the student first, administration … I wouldn't say the board is accountable to
> the board, because I mean everything is voluntary … but the accountability is to
> the students I guess I would say, and the community, to the students first
> obviously, administration, and to the community – when I say community I'm
> talking about Oakville.

But another trustee gave a very different answer.

> The board really is in terms of accountability accountable to the chairman, and to
> some extent certainly the president. But, you know, our role is a governance role,
> and you we try to select trustees who you know have a strong sense of obligation
> to the college and doing the best that they can for the college.

This trustee went on to say the chair was accountable to the executive committee. This

suggests a circularity of accountability: The board is accountable to the chair, who is

accountable to the exec committee, which is part of the board and thus presumably

accountable to either the chair or the board as a whole. Furthermore, the trustee said that

the board acted primarily in the interests of alumni and all stakeholders, which included

students – but students were not central in this vision of the board's interests. A third

trustee believed the board was accountable

> to ourselves at some level. … You can't really say you're accountable to the
> president, because that's supposed to work the other way around, but you're
> accountable to the church which the school is affiliated with, and you're
> accountable to the students from my perspective, but truly the checks and
> balances I think come from within, from the goals and the rules we try to look at.

Unlike the previous trustee, however, this trustee further said, "If you don't represent students, you don't need to be there," and this seemed to be the attitude of most board members.

The lack of consensus about who the board was accountable to was best summed up by the trustee who responded to the question with:

> Ha! To no one, to the board. I mean legally we're accountable to … well, sort of, I don't really know. I mean we're accountable to the board. I guess anyone could sue us at any time, which means we're accountable to the student body, and anyone else who wants to sue us, so we're like any other institution in America.

The Oak board played a larger role in making policy than did the other boards in this study. While that role should not be overstated, both the administration and some of the board members credited trustees with shaping policy. For example, Olympia said, "I would say they're very active in setting fundraising policy, and that staff is much more active in setting what I would call those systems and the procedure." She had earlier said "The trustee fundraising goals, they've really been set through what I would call mutual discussion between the president, the board chair, me, and the chair of the advancement committee." She also mentioned mutual discussion in regards to setting special project goals and the recently finished master plan: "Actually, at one of the meetings, trustees had schematics and worked on what the priorities should be." The president spoke of the board as engaged in policy, but indicated this was new.

> They are participants first of all in deciding what those strategic priorities are. They are a part of achieving those strategic priorities. And so I think they're much more a part of developing these and not simply sitting back and approving them. Now, the board, I can safely say … eight years ago they were simply listening to reports and approving them. We're still in transition.

Board members themselves reported some level of policy involvement: When asked if the board set fundraising policy, one member said, "Yes, they do, and they set goals as well," and another said, "I think it's something the board develops. You know, we see a need, we know the needs" Another said, "Your consultants will give you some [fundraising] barometers, will give you some criterion. And then, you know, we'll look and see what we think is feasible. … Everyone on the board's got to be on board." However, not all trustees placed the board so centrally. One trustee said, "Not the members of the board. That comes from the administrative staff." Another elaborated:

> [Goal-setting] is a somewhat lengthy process, but I would say the president of the school really is the central point for developing those needs and the information supporting those needs, and then evaluation occurs at the executive committee level and at the board of trustee levels.

Commonalities Among Pine, Maple, and Oak

Despite their differences, there were some common themes that emerged at all three colleges. First, the boards played almost no role in formulating policy or directing the institutional vision. Second, board members viewed fundraising as an individual responsibility of each trustee rather than as a collective responsibility of the board. Third, changes in the structures and duties of the boards were initiated by the president in each case. Finally, board members did not describe their relationship with their presidents in terms of principal-agent framework.

The lack of policy role for the three boards was discussed separately for each of the three colleges above. The boards generally voted for or against policies rather than creating them, although there is no reason to believe they did not take this evaluative role seriously. In some cases, they spoke of serious debate. Most of the policies the boards

created, such as how to count gifts in Maple's campaign, were low-level policies. The highest-level policy decision any board reported occurred at Oak, where the board prioritized the components of the master plan into a series of fundraising phases. Oak, in general, reported the highest level of board involvement in making policy.

Secondly, fundraising was primarily seen as an individual rather than collective endeavor for the board. When trustees spoke of their satisfaction with the board's development activities, they framed it almost solely in terms of whether individual members gave enough. They generally acknowledged that the board had a collective role in ensuring all members gave at the minimum level, but even there they tended to ascribe that responsibility to particular members, such as the board chair. Policy decisions – such as the decision at Maple to enter the public phase of a capital campaign without the industry-standard percentage pledged – were necessarily collective decisions, but these decisions did not seem to rate the same importance in the interviews.

Third, at each of the three colleges, board members (approvingly) attributed their current structure and *modus operandi* to the current president. In some cases they went even farther – i.e., the trustee at Maple who said, "I think it's truly become [president] Mason's board at this point." But in most cases, board members did not go so far, merely crediting the president with introducing new expectations, revamping the committee structure, and deciding when it was time for a campaign.

Finally, board members did not seem to perceive their relationship with the presidency as a principal-agent one. Of course, this means more than just that they may not be familiar with agency theory: Trustees did not mention monitoring or oversight but instead were concerned with supporting their presidents and living up their expectations.

CHAPTER VI

CONCLUSION

"The gap between what boards are supposed to do and what they actually do is considerable."(Ostrower & Stone, 2006, p. 613)

Summary

Quantitative Analysis

The quantitative analysis used data from the CIC, VSE, and IPEDS surveys to test whether board characteristics influence fundraising outcomes among individuals, corporations, and foundations at CIC-member colleges. Overall, graduation rate and institutional age had a positive effect, whereas the total number of alumni and the percentage of the board composed of alumni had negative effects. Demographic characteristics such as age, gender, and broad occupational category did not have an effect, nor did the presidents' ratings of their boards in various areas. Perhaps most surprisingly, the board's capacity to give (defined as the percent of members who could give a gift of $1 million or more) had no influence. Similar models were run for corporate and foundation giving, but in each case the r-squared was very small. In these models as well, age had a positive effect and the number of alumni a very slight negative effect.

Qualitative Analysis

The qualitative analyses consisted of case studies of the boards at three CIC-member colleges, examining their role in fundraising. Each board differed in its details, but overall none of the boards drove fundraising, nor did many of the trustees get involved beyond making donations. At none of the institutions were the trustees boundary-spanners; while they connected the institutions to their environments, it was in a one-way representative role.

The differences were not insignificant; the sheer volume of on-campus events that Pine trustees were expected to attend created a very different culture than at Maple or Oak. The boards varied not only in the duties expected, but also in their attitude towards governance; Maple trustees saw their role as subordinate to the president, whereas Oak trustees seemed to be engaged in a dialog among themselves, outside experts, and the president as to their role.

In the end, though, the most striking thing about these three boards was how similar their involvement in fundraising was, even though their attitudes toward it varied. All the trustees I spoke to believed each board member had a responsibility to financially support their institution, and that the amount given should vary by capability. Whether they supported further involvement or not, trustees did not see the board's role as making fundraising policy or of soliciting and referring prospects. Board members, in their eyes, ought to fulfill any fundraising obligations their committee memberships entailed, but membership on any particular committee was an obligation freely undertaken. While board members ought to be available to help out with fundraising if asked, there was an understanding that only those trustees who felt comfortable doing so would be asked.

Synthesis of the Analyses

How do the findings from the two analyses fit together, and how do they fit in with the literature?

First, we see that the demographic factors that don't matter in the quantitative analysis also don't matter in the case studies. All three boards contain similar percentages of women and minorities. There are differences in the occupations of trustees – some boards have more retirees, others have more members of the clergy – but only the percent of clergy is measured with any degree of precision in the quantitative analysis. The clergy, in fact, represents the one possible exception, as board members at Oak attributed some of their fundraising challenges to this factor. However, within the case studies, it is difficult to disentangle the "clergy effect" from other factors that distinguished Oak, such as the name change controversy and the college's highly local catchment area. While it is surely useful to collect demographic data for other purposes, the race and gender mix of a board seems to have little impact on giving. Capacity to give also does not seem to matter; several trustees noted that they gave more than their wealthier colleagues – although it is worth noting that there is a rough lower bound on trustee wealth. That is, boards have few members who could not be described as at least middle-class.

Next, both studies provided further evidence that trustees are not living up to the "heroic ideal" of trusteeship. Non-demographic descriptors of the board, such as capability to give, their level of training, and how often they were involved in asks, had no effect on institutional fundraising success in the quantitative analysis. In the case studies, it was clear that trustees only had limited involvement with fundraising, vision-

making, policy-setting, and executive evaluation. The trustees acted just like what they were – intelligent, education people who were part-time volunteers without (in most cases) expertise or training in college management. Perhaps it is time to abandon the heroicideal. It is not that this country is plagued with a group of lazy trustees, but that our current governance structures do not provide the support and conditions necessary for trustees to do what we claim to expect them to.

Finally, together the studies illustrated the emphasis at colleges on tuition revenue. While donors were important, tuition was by far a larger source of revenue. Trustees spoke of students as their most important constituency, not only because of the colleges' educational purpose, but because they were customers providing revenue. This is what we would expect from revenue dependency theory, of course. There are trade-offs made in privileging any particular set of stakeholders, and the quantitative analysis shows the possibility of actually decreasing donative revenue by increasing enrollment.

Comparison with the Literature

How do these findings compare with the literature base? Do they support or challenge what has been found previously? The present study sheds no light on the historical development of boards. As far as the descriptive literature, it only shows us that the boards herein are fairly typical in size and composition for modern, private college boards. Thus, in this section I will focus on the normative and empirical literature.

It is not necessary, of course, for people involved in a system to believe a particular theory about that system in order for it to be true. Nevertheless, it is interesting to note to what degree board members recognized these theories as relevant. Most board

members, without prompting, acknowledged the claim of legal duties on their work; many mentioned fiduciary duties by name. They did not mention the more abstract legal notions on the purposes of boards (i.e., to serve the public good). Futhermore, they did not recognize their relationship with the president as a principal-agent one. It is not surprisingly that they did not mention agency theory by name, as none of the trustees were scholars in disciplines such as sociology or business, but it was of more interest that their descriptions were quite at odd with this theory. They recognized that in point of law the president reports to the board, but they acknowledged that their working relationship did not fit this model. They were more likely, for example, to say they'd bring board problems to the president than to say they'd discuss presidential problems among the board. Moreover, they did not view themselves as principals; their language at no point connoted ownership or standing in for an external set of owners. Likewise, boards did not describe their work in either symbolic or micro-interactional terms; to be fair, however, none of the questions delved into personal interactional terms. Board members did acknowledge personality differences and difficulties among trustees, but these were not explored further. Certainly nothing in this research should be taken to rule out such approaches as fruitful.

This research also reiterates some of what other fundraising scholars have long stated. Kelly, for example, has cited Luck in arguing against what Caboni (Caboni, 2008) has called "the myth of the volunteer fundraiser": "The idea of armies of volunteers soliciting prospects is a characteristic of the press agency model of fund raising and an artifact of earlier eras before staff practitioners dominated the field." (Kelly, 1998, p.

446) This study also provides further support for the Matthew Effect, the notion that more support is given to institutions that have previously been successful in fundraising.

New Findings

Some of the results of this research reiterate what other researchers have found; for example, boards tend not to embrace a policy-making role. What findings represent a new contribution to knowledge?

First, the finding that larger numbers of alumni lead to smaller per-student donations is new. Second, while observers have long noted that board members rely on presidents more than the normative literature prescribes, this is the first study to examine how trustees themselves see the matter. Third, it provides a unique challenge to using agency theory to describe the role of boards.

Challenges and Surprises

One peculiar finding that showed up in the quantitative analysis was the positive effect having a larger percentage of medical personnel on the board had on foundation fundraising. One post-hoc explanation for this arose during the case studies. Consistently, the trustees who were the most critical of their boards' fundraising were doctors. Several of them expressed that while they weren't as well-off as many of their fellow trustees, they gave at a relatively higher level, and that other trustees should not only give more but be more involved. It is possible that, whether due to medical culture or to the socio-economic location of doctors, they are more invested and involved in fundraising that other board members, and they may have connections to decision-makers at foundations.

This is only a hypothesis, and of course it is possible that the doctors interviewed at these colleges are atypical.

It seems evident from the evidence that legal approaches to board duties are insufficient to explain board behavior and effects, and that describing the roles of trustees of non-profits in terms of principal-agent theory is not supported by the evidence. Trustees are not acting as principals, nor do they see themselves as such, even under the highly modified tenets of the theory as often used. Perhaps it would be more useful to think of boards in terms of myth and ceremony (Meyer & Rowan, 1977).

Significance

This dissertation is part of a very small body of work that examines the role of trustees at colleges (and more broadly, 501(c)3 nonprofits) in fundraising, and one of a very few studies that does more than report descriptive statistics. For this reason alone it helps to fill an important lacuna in our understanding of institutional governance. However, it also has important theoretical implications. The study of boards is often atheoretical, and the theory most often used is a very poor fit. The present study drives that point home, and hopefully it will encourage researchers to search for – or develop – better alternatives.

Suggestions for further research

Rigorous research in both education fundraising and in governance is in its infancy. There are, then, innumerable potential projects for scholars to undertake; some are more important than others – and others are more feasible. In regards to the second

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point, despite the general trend in higher education research toward quantitative, longitudinal studies, these studies require substantial financial backing that has not been forthcoming in the field. Furthermore, the very infancy of the field suggests we may not even know what questions to ask at this point. Thus, all the suggestions for research below are intended to be realistically achievable and likely to bear fruit.

Methodological considerations

First, the quantitative results suggest that board demographics are irrelevant to development success, with the exception of members of the medical profession, but there are other ways to interpret this data. In particular, the groupings used encompass a great deal of variation in prestige, income, and social capital. Trustees who are in "business" may be sole proprietors, vice presidents at regional firms, or CEOs of Fortune 500 corporations. Including all these individuals in one category tells us very little about the composition of the board. On the other hand, data on race, gender, and alumni status likely is reasonably good as it is currently collected. Simply put, bad data is worse than no data, for it leads us to believe we can reach conclusions – which may not be warranted. Are we simply repeating questions "the way they've been done before" without considering *why* we ask them? For now, our conclusion that demographics do not matter must be considered quite tentative and subject to revision with better data.

Second, the questions that we ask should not assume that "common knowledge" is actually true. I have been assured, for example, that 100% of trustees give, and thus there is no need to collect this data, yet the case study results do not bear this out. Scholars of board governance would do well, then, to ask what percentage of board

members a) give at any level b) give at a mandated minimum level, if one exists. This might advisedly be a part of any large-scale study.

Third, given the amount of exploratory work that remains to be done, new large-scale quantitative studies should not be our first priority. These *are* important, and hopefully the day will come when longitudinal and multi-level modeling can be used to give us a more sophisticated and generalizable understanding of fundraising. That day has not yet arrived, however, for most questions. (The likely exception to this is correlates of giving among alumni, an area in which we have a surfeit of single-institutional studies.) A history of low response rates to one-time surveys, and of major gaps for certain institutional types in VSE, will make data collection an expensive proposition – and we ought to be certain we are asking the right questions first. Further, we ought to consider how we can leverage the data we have. A great deal of the work on boards consists of surveys used to create descriptive statistics, but the resulting datasets have been constructed (whether by accident or by design) so that they cannot be linked to any other data or disaggregated to run analyses such as regressions. We need to consider whether our response rates would be drastically impacted if, instead of promising institutions anonymity, we promised them discretion. Furthermore, there is a great deal of promising work that can be done using qualitative methods, such as case studies and ethnographies. In an area of research fraught with worries about privacy (both donor and institutional), these research methods build trust into the very research design. However, updaters of extant studies may want to consider adding questions such as the percentage of voting board members that donate, whether the institution is in a capital campaign, and more refined questions about occupation.

Suggestions for research questions

First, the present qualitative research could be replicated for other types of institutions. This includes other CIC members that are different from the three studied here. Does the board's involvement in fundraising vary by religious affiliation, geographical region, prestige, institutional stability, or students served? Moving beyond the small liberal arts college, how is fundraising different at universities? And how – if at all – are boards involved at public institutions? Do trustees fundraise, or is that role reserved for a separate foundation? Far too often, work on one type of board, such as public boards, is assumed to be generalizable to institutions of vastly different scope, where the trustees themselves are chosen in an entirely different way.

> Boards are deeply influenced by the context in which they operate. They are par of both the org and its environment (Middleton 1987), and therefore governance research must explicate both internal and external contingencies. We contend that a pressing task for future research is to develop the implications of these conclusions. (Ostrower & Stone, 2006, p. 612)

Second, the present study was limited to cross-sectional data and a limited selection of trustees. A more in-depth study of one board over time could yield important findings about how boards change as well as information about how typical board members perceive fundraising, rather than only the perceptions of the most involved. If, for example, one was to continue to watch Oak College, would it follow the path of Pine College? Would its religious identity become more tenuous, and would it become a college that served a state rather than a region of a state? How would the composition and duties of the board change? Or, what will happen to Maple when the present president leaves – or announces his retirement?

Third, while the present study focuses on fundraising, this is only one portion of a board's role. What of the other responsibilities board members cited as important fiduciary duties, serving as an ambassador, working with the president? What about the responsibilities they did *not* cite, such as academic decision-making?

Fourth, what role does the board play in fundraising among corporations and foundations? If the board does not play a particularly large role, what does influence success in these areas?

Finally – and most importantly – can we construct a theory of the function of educational (and nonprofit) boards? If principal-agent theory, even when heavily modified, does not describe the relationship between boards and presidents, what does? What can we draw from in organization theory to model how boards function, or must we start *de novo*?

Implications for practice

For board members and those who work with boards, such as presidents and consultants, one lesson is that individual members have very different levels of knowledge of fundraisings and experience with it – and of governance more broadly. Even board members with extensive experience on other boards may not have received any kind of formal training via *any* of those boards. And even if a board currently has a thorough orientation, long-time members may not have gone through it. Differing levels of expertise is not an inherent problem; after all, presumably the board's attorneys have a better grasp on contracts, and the bankers may be better versed in investments. But because *all* trustees are expected to be involved in some way with development, and it is

rare to have trustees with formal, professional experience in the arena, boards rarely have trustees who can model ideal behavior. In order to shape board behavior and bring members to a common understanding of their role, some kind of formal education seems to be necessary to build knowledge and develop a set of norms. Whether conducted by members of the administration (as at Maple, where the development vice president taught the board about CASE standards) or by consultants (which were regularly used at Oak), this interaction with experts results in a board that is in sync with itself on the topics it has been trained in. The value of discussions on these topics stood out in contrast to the mere presence of written standards boards; at Pine, for example, board members were not sure what minimum annual gift was expected from them.

The quantitative analysis is perhaps bad news for boards; the two factors that matter most, age and the number of alumni, are not readily changed. Age relative to other institutions is actually immutable, and the number of alumni can only be changed gradually by changing institutional enrollment. However, the effect of alumni size on giving suggests a caveat to the strategy of growth for marginal institutions. (Should I have enrollment size in the equation?) Small, struggling colleges often seek to increase enrollments to increase fiscal stability. Some of the tuition increases are offset by increases in cost or by tuition discounting, but it is possible that they are also offset by the reduction in alumni dollars?

APPENDIX A

BOARD MEMBER PROTOCOL

This is an open-ended interview protocol. Questions may not be asked word-for-word, and additional questions may be asked as they naturally arise. Interviews will be recorded.

Introduction
You may decline to answer any or all questions during this interview.

Background
Occupation
Age
State
How did you join the board?
       Alumnus?
       Community member?
       Other institutional connections?
When did you join?
Why did you join?
What were you told about board membership before you joined?
Was there any kind of orientation or training?
Have you served on the board of any other educational institutions?
Were you a donor before you joined the board?
Have you made one significant gift, or a series of gifts?
Do you make significant contributions to any other organizations?

General board experience
How often does the board meet?
Committee memberships
       Past
       Current
Who is the board ultimately accountable to?
Whose interests do you see the board as representing?
What are the board's most important duties?
How does your board get along?

For committee chair and board chair
What are the fundraising committee's goals?
Are all board members expected to donate?
       At what level?
       Are expectations being met?
Has the board had any kind of training in fundraising?
Has the board hired any fundraising consultants in the last three years?

If yes, for what purposes?
Would you consider it a success?

For the board chair
How difficult is it to recruit new board members?
What are the most active committees?
How difficult is it to recruit committee members?

For the fundraising committee members
If on fundraising committee, how did you get involved?
How important is the fundraising committee to the board?
How often does the committee meet?
Which of the following are you expected to do as a committee member?
> Donate
> Refer prospects
> Solicit prospects
> Attend fundraising events

Do you personally …
> Donate?
> Refer prospects?
> Solicit prospects?
>> If yes, who do you go on calls with?
> Attend fundraising events?

Which of the following is the committee expected to do collectively?
> Set fundraising policy
> Ensure 100% board giving

How is your relationship with the chief development officer?
(If you were on the board at the time), can you tell me about your last capital campaign?
Were you involved in planning the campaign?
Where do fundraising goals come from – the board, the president, or the development office?
What process is used to develop goals and priorities?
How satisfied are you with the board's contribution to fundraising?
Why do you think people give to your college?
What are the biggest challenges you face?

Other institutional fundraising
Have you served on any committees or working groups related to fundraising that were not strictly board committees?

The President
How would you describe the board's relationship with the president?
How important is fundraising to the president?
> How good is he at fundraising?

APPENDIX B

VICE PRESIDENT PROTOCOL

This is an open-ended interview protocol. Questions may not be asked word-for-word, and additional questions may be asked as they naturally arise. Interviews will be recorded.

Introduction
You may decline to answer any or all questions during this interview.

Background
Title
How long have you been with this college, and in what capacities?
Can you tell me about your previous fundraising experience?

About fundraising at your institution
When was the last capital campaign?
Were you here at that time?
> If yes, how were goals set?
> Were they met?
> What role did the board play in the campaign?
What are your goals for the college?
What are the college's fundraising strengths?
What are the college's fundraising weaknesses?
Where do fundraising goals come from – the board, the president, or your office?

About the board
Who is the board ultimately responsible to?
Whose interests do you see the board as representing?

About the board and fundraising
Are all board members expected to donate?
> At what level?
> Are expectations being met?
Has the board had any kind of training in fundraising?
How often do you interact with the board
> Collectively?
> Individually?
How is your relationship with the board?
Which of the following are individual board members expected to do?
> Donate
> Refer prospects
> Solicit prospects
> Attend fundraising events
Which of the following is the committee expected to do collectively?

Set fundraising policy
Ensure 100% board giving
How satisfied are you with the board's contribution to fundraising?

The President
What are the president's priorities for your college?
How important is fundraising to the president?
How good is he at fundraising?

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