

Investigating Fundraising in Chinese Higher Education

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Abstract. Although China's higher education funding mainly depends on the government, with the rapid expansion of both size and number of colleges and universities, problems such as shortage of funds and school debt also came out. Therefore, how to effectively raise funds for running colleges and universities has become a hot and difficult issue in China. Chinese University's fundraising organization had developed into a "quasi-professional fundraising office" except that its scale and professional level remained insufficient. The United States has many years of experience in funds for higher education, especially in terms of absorbing social donations. It is necessary to compare and contrast U.S. and Chinese fundraising models, and summary the factors that affect successful fundraising in higher education. Learning from U.S. experience, there are many strategies can be taken to improve Chinese higher education fundraising.

Keywords: fundraising, China, higher education.

1. Introduction

The words "development" and "fundraising" are synonyms in the United States. In a world of uncertainties, particularly in higher education, one thing is certain: fundraising is vital to the operation, and even survival, of universities—private and public. Private gift support is essential for any organization to advance in today's highly constrained resource environment.

For a long time, Chinese have not been as keen as Americans to make donations to education, particularly higher education. The scale of social donations in universities in China is less than 1% of that in the United States[1], which is extremely incompatible with the level of economic and social development in China. The primary reason is a lack of a sociocultural practice of donating to schools and as a result, the fundraising revenue of many universities is not sufficient to replenish institution resources. In China, except for a few universities that have received donations from large enterprises, the fund-raising effort of all other institutions has been weak and ineffective[3], perhaps because the general public believes that the government/state should be responsible for education, which makes it difficult for domestic universities to substantially scale up fundraising[3].

In this paper there are two research question: (1) With U. S. experience, what factors affect the successful fundraising? (2) what problems exist in Chinese higher education fundraising and what strategies can be improved to attain the level of advanced American educational charity strategies?

2. Literature Review

Private gift support is essential for any organization to advance in today's highly constrained resource environment. The framework conceptualizing a university's philanthropy action was derived from the combination of two sources: first, research on open systems theory for fundraising and the factors influencing organizational fundraising success [4]; and second, research on social exchange theory for fundraising. Research on open systems theory suggests that to achieve successful fundraising, the organization needs to become connected with its external environment and to operate in a management structure by understanding its mission.[4]

2.1 Model of Chinese Public Universities

In the mid-1990s, government agencies proposed that fundraising should be function of the Research and Development Office at the selected Chinese region of study, and divisions such as alumni liaison, public relations, social resources, integrated planning, government resources, cooperative education, and the promotion of education were established to improve efficiency

through the division of labor. Currently, university fundraising is not necessarily the responsibility of the Research and Development Office. Instead, other institution administrative units are responsible for the main fundraising effort, such as the Resource Development Unit of the Financial Management Department, the Public Relations Resource Group of the Office of the Secretary of the President, the alumni association, the Public Affairs Office, and Alumni Services and Resources Development. This organizational mode has introduced a professional management prototype for fundraising. However, this fundraising market is not yet mature compared to their US counterparts. The division of fundraising activities in many Chinese universities is unclear, and there is a serious shortage of staff manpower[5]. For instance, in China, certain instructors must often assume responsibility for fundraising and admission. Thus, professional skills are frequently misplaced, capacity is insufficient, and meeting demands are difficult.

2.2 Fundraising Model of America's Top Public University

Unlike the lack of domestic organizations and human resources, American higher education fundraising usually has an intensive fundraising network and professional management, even divided into multiple teams: event team, management team, a marketing and communication team, a network team, and a student enrollment and scholarship office. The fundraising office is an organization of external or internal supporting staff and is evaluated for its performance accountability. The large US universities often have a central fundraising office and their academic liaisons[2]. Compared with most Chinese universities, the US universities are more flexible in personnel recruitment and the use of funding with sufficient manpower[5]. Professional fundraising human resources provide more flexibility in adapting to the changes of the overall economic environment and can promote systematic fundraising that targets the clear goal of the institution's academic development. Entrepreneurial thinking contributes to efficient fundraising efforts.

3. Discussions and Results

American universities have had plenty of successful fundraising, Chinese ones have struggled, and political, economic, social and cultural differences between the two countries are at the root of the problem. Compare fundraising strategies in both countries. Identify policy support and fundraising environment as key to successful fundraising.

3.1 Institutions and Policies

(1) Setting Appropriate University Fundraising Fundamentals.

The first step towards successful higher education fundraising is setting appropriate fundamentals. effective fundraising is built on organizational strengths and that organizational weaknesses and vulnerabilities can undermine fundraising efforts. In addition, installing effective fundraising governance is a key element for success. Allen Consulting Group recommended the creation of a university foundation to handle and manage donations and trust arrangements, particularly when greater university autonomy is not possible[7]. For the fundraising plan to be carried out effectively, a well-defined and enforced policy on gifting must be put in place. This includes clear policies and procedures that will enhance donors' confidence in the university's management of philanthropic funds. Other important elements for fundraising success are accountability and ethics in fundraising. Of note, a well-defined policy demonstrates accountability and integrity in fundraising[7].

(2) Establish an effective system to encourage social donations.

The U.S. experience shows that the taxation system and the university fundraising management system play an important role in stimulating and regulating social donation behavior. For social donations, developed countries, especially the United States, have established a sound interest compensation mechanism and formulated a comprehensive tax policy. At present, China has legislated that the university can give donors a certain amount of mental compensation, but has not yet established an economic compensation mechanism, and the tax policy is still not perfect.

American universities invest a lot of human resources and financial resources, and establish a sound social donation management system. In China, most universities do not have specialized institutions and full-time personnel to receive and raise funds, they lack a management system for social donations. As a result, the donors' expected results are not effectively promised and guaranteed. The university's social donation work is not transparent enough, and the credit rating is not high, donors cannot play the supervision role, all of these restrict the university fundraising directly.

3.2 Good Fundraising Environment

(1)Creating a cultural environment for social donations.

Western developed countries have their own democratic traditions and the foundation of civil society. It is a matter of course that every citizen consciously participates in social donations.[6] Compared with Western civil society, China is still in the transition stage from traditional society to modern society. In addition, China has neither a clear definition of corporate social responsibility nor an evaluation standard and evaluation system for corporate social responsibility. Therefore, the enthusiasm of enterprises to undertake social responsibility and fulfill social donation obligations is greatly reduced. In addition, religious beliefs and religious organizations in Chinese society have weak influence on society. The charity culture lacks a solid foundation, and the intensity and influence of charitable acts are also weakened. To create a social and cultural environment suitable for university fundraising in China has, we still have a long way to go.

(2)Establishing the Appropriate University Environment.

The Internal Environment. Most scholars have reported that the organization's senior leadership, governing body and board members' participation in the planning and fundraising activities are essential for fundraising success. Successful fundraising also depends on the effectiveness of the organization's human resources. A strong governing board, professional development, a good CEO and staff are assets to the fundraising process[3].In fact, there is a positive correlation between the size of an institution's endowment and the number of staff assigned to the foundation, especially when the foundation has a full-time director. At the same time, alumni are one of the main economic sources of the Alma mater. Helping alumni keep in touch with the school and involve them in school life is an important way to gain future support[6].

The External Environment. To be successful in fundraising, the organization must connect with its external environment and accommodate the changing trends of that environment.The number of volunteers engaged and philanthropic dollars raised are reflections of organizational success in understanding the university's external environment. This factor suggests that donations and future support depend on donors' and prospective donors' perceptions of the organization's efforts to build a relationship with them and the organization's adaptation to change to meet social needs. Government decisions on rules regarding tax exemptions for donations to higher education institutions and the provision of matching grants to complement the university's philanthropic efforts are found to stimulate the culture of giving. Government participation in promoting the culture of giving to higher education is another essential element for success in fundraising. reported, a broad stakeholder calls for public support of higher education would assist the university in its fundraising [7].

4. Suggestions to Improve Chinese Higher Education Fundraising

American higher education fundraising has a long history, a huge amount, a wide range, and a variety of ways, it also has with proper incentive policy and management system. China should learn from the U.S. experience, to improve its legal policies, to conduct effective internal and external supervision, to create a good donation atmosphere, and to make good use of alumni resources to promote the development of China's higher education. The following are some suggestions: at first, the government need give policy support, by improving laws and regulations, use tax policies to effectively regulate. Secondly, with the development of China's higher education fundraising, it is imperative to standardize social donation organizations and implement effective

management and supervision. At the same time, in order to create a social donation atmosphere, and increase the rate of return of college foundations, more attention are needed to propaganda and guidance. Finally, alumni resources always a key factor in higher education fundraising. Both alumni participation rate and the amount of alumni donations are all important. Colleges and universities should improve the quality of teaching, cultivate students' emotions to their schools, and establish and maintain connections with alumni.

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