

Full Length Research Paper

Challenges of alumni associations at universities: Income from alumni (donations and bequests) at South African universities

A. A. Braam Rust

Faculty of Business, Cape Peninsula University of Technology, PO Box 652, Cape Town, 8000, South Africa.
E-mail: rustb@cput.ac.za. Tel: 021-4603301, 021-4603716.

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This paper investigates challenges of alumni associations at Traditional South African Universities, particularly the role of alumni associations as an alternative income for universities. Main aims of an alumni association are to create a desire among ex-students to identify themselves with their university; to generate and sustain interest and participation in the affairs of their alma mater; to contribute to the developments of the university; and to promote the university's name and reputation. With ever-increasing costs, South African universities always look for alternative sources of income to address the need for development. Hence, alumni are seen as an important alternative source of income. Other aspects that will receive attention include alumni activities in future; student transformation at Traditional South African Universities; alumni as an important source of alternative income for universities; alumni culture in the South African school set-up; the feeding ground of student intake of South African Universities; and the value of philanthropy ("giving") within the alumni culture. This study showed that alumni offices/associations in general are of the opinion that the traditional universities are aware of the alumni as an important source of income, but is uncertain what will happen to alumni income in the future after transformation. The outcome will assist alumni associations and the universities to strategise and prioritise its actions in order to improve or stabilise the income for the benefit of the university.

Key words: Alumni, university management, alternative income, fund-raising, relationship marketing, transformation, student profile.

INTRODUCTION

With ever increasing costs, South African universities always look for alternative sources of income. The alumni are seen as an important alternative income source. It is of no use to make an investment that has little return. The income must excel at least the cost of the alumni office in order to be sustainable.

Traditional 'white' universities in South Africa have the benefit of attracting students from traditional white schools where alumni activities are part of the school set-up. These schools have deep rooted alumni systems that are established and maintained over years. Students that are used to an alumni environment and culture find it easy to accept the culture also at university level. Other universities with a student body where this tradition is not part of the culture will find it difficult to establish an alumni

culture and to enjoy the benefits of it.

The student profile of traditional white universities in SA used to be 90% white and 10% black students. The opposite situation was with the so-called black universities. With transformation of universities after the 1994 democratic election, student numbers will change to majority blacks in most traditional white universities. This will affect the management of many university functions due to culture changes. The management of alumni will also be affected. The alumni history is well vested in the traditional white universities. This culture is mainly activated in the traditional white schools – 'old boys' associations have been developed over many years. This culture is carried into the university arena

Universities find it easier to attract students from

schools with a history of an active alumnus, but also find it easier to carry on with this tradition. The feeding ground of student intake of South African universities are mainly based on factors like reputation, word of mouth and convenience (close to home). Some of these factors are related to relationship marketing where the building of longstanding relations with customers becomes an important factor for the university to secure, for example, a healthy financial future.

Students find it easier to take up membership in the alumni body for a number of reasons: to belong to an identity, to carry on with the relationship with the institution, to plough back what was given to them as a student. The value of philanthropy ("to give") makes up an important part of the value system of these students.

Universities also understand the financial benefit of an active and strong alumni body. Therefore, the value of philanthropy ("to give") makes up an important part of the value system of these students. This effort demands hard work and the idea of reaping the habits will only come after years of investment in the building of relations. This effort is easier with students who are exposed to these phenomena from their school years. However, the same cannot be said for the traditional black schools. This will have serious affects on the management of alumni activities.

Problem statement

Traditional SA universities (specifically the traditional "white" universities) will probably experience a decrease in alumni activities in the future, particularly with income, after an increase in student transformation (number wise from 'white' to 'black').

Hypotheses

H₀: Among alumni office workers, there is no significant difference in the perceptions that after an increase in student transformation, traditionally "white" South African universities will probably experience decreased income from alumni in future.

H₁: Among alumni office workers, there is a significant difference in the perceptions that after an increase in student transformation, traditionally "white" South African universities will probably experience decreased income from alumni in future.

Objective of the study

The objective is to make traditional SA universities (specifically the traditional "white" universities) alert to changes to alumni activities in the future when they will probably experience a decrease in alumni activities in the future, particularly with income, after an increase in

student transformation (student numbers from 'white' to 'black').

LITERATURE STUDY

Transformation at South African universities

Generally, transformation of higher education is a global phenomenon, taking place in most countries in the world. In South Africa the transformation of higher education is part of the broad political and socio-economic transition to democracy (Lategan, 2009). This demanded totally new approach to education and training - universities had to become more accountable to the society and the community. Some of these issues include equity and affirmative action targets for students and staff, staff/lecturer ratios, and progress being made with the issue of implementing new institutional cultures in support of the post-apartheid era.

Almost daily, there are shifts of emphasis and new issues which dominate the higher education debate. Within this context, academic staff in particular, has to make paradigm shifts, adapt, and approach their professional careers in new and innovative ways (Fourie, 1999: 275).

In the South African context, transformation can be defined as "encompass(ing) relevant and meaningful change in the academic, social, economic, demographic, political and cultural domains of institutional life". In this sense, transformation involves, "... the formal processes of students and staff support, the curriculum, teaching and learning and research work, and the informal 'climate' of the university" (Education Institutions Report, 2008: 35).

Transformation is usually a process by which the form, shape and/or nature of institutions are completely altered. It conveys radical change, a metamorphosis which needs to take place and implies much more than cosmetic changes, window-dressing or strategic moves (Lategan, 2009). It is therefore inevitable that changes in the staff and student populations of higher education institutions will bring about changes to the organisational culture. The presence of different groups in the organisation with different values, norms and behaviours makes the forging of a new organisational culture quite problematic.

The current South African government expects a transformed higher education system to redress past inequalities, to serve a new social order, to meet national needs for development, and to respond to new realities and opportunities (Education Institutions Report, 2008: 35).

One aspect of transformation internationally, is the massification of student numbers. In most countries, the result is larger percentages of the population moving into tertiary education (Trustring and Wee, 2007: 13). This has affected the ability of institutions to provide the same

level of services (Shaik, 2005). In South Africa this phenomenon took shape differently from the rest of the world.

The expected spectacular growth in student numbers at higher education institutions did not materialise, probably because of, inter alia, poor performances by school-leavers and the weak economy of the country in the turn of the century (Fourie, 1999: 281). However, the number of Black enrolments in higher education has mushroomed. Since 1988, for example, the numbers of Black students at universities and technikons have averaged an annual growth of 24%, compared to an average annual growth of four per cent for White students.

The most spectacular growth in numbers of Black students has occurred at historically White institutions. The massification or increased access has therefore not so much brought about an increase in the absolute numbers of students, but at historically advantaged institutions did result in bigger proportions of students coming from educationally and financially deprived backgrounds (Kara, 2008).

After the first democratic election in 1994, education, and more specifically, tertiary education, experienced dramatic transformational changes regarding the numbers of people of colour (coloureds, blacks and Indians). The admission of larger numbers of students who come from financially deprived families is exacerbating an already difficult situation.

Like many other higher education systems, the South African system too is experiencing tension between rising social and economic demands and a finite pool of public resources. An additional problem is that personal contributions to the costs of higher education have reached a ceiling for most students and their families. These factors have caused on the one hand, a decline in the income of institutions through state subsidy and prohibited them from raising student fees to make up for lost income. On the other hand, it has led to massive amounts of unpaid student fees which are posing a real threat to the survival of a number of institutions (Education Institutions Report, 2008: 35).

The student profile has progressively changed to reflect the demographic realities of South Africa. Therefore, between 2000 and 2007, black enrolments increased from 70 to 76%, while white enrolments decreased from 30 to 24% of headcount enrolments and of the black students, African enrolments increased from 58 to 63%, coloured students from 5 to 6% and Indian students remained steady at 7% of headcount enrolments.

Similarly, on average, female student headcount enrolments increased from 52 to 56% – that is an annual increase of 5.5%. In terms of the participation rate, that is the proportion of the relevant age cohort enrolled in higher education (Gross enrolment ratios: total headcount enrolment over population 20 to 24 years), the participation rate in 2006 was 12% for Africans, 13% for

coloured student, 42% for Indians and 59% for whites. Therefore, white and Indian students continue to benefit disproportionately relative to their African and coloured counterparts. This means that a huge change in the black/African and coloureds numbers had to be made to be more participative as a race group (Education Institutions Report, 2008: 35). This will also have a significant impact on the membership of alumni bodies. Membership to alumni bodies average to about 20 to 30% in the USA (Toker, 2008: 9). The figure is lower in South Africa, and will probably decrease if the participation rate gets aligned with the aims of policy makers.

Each institution (university) in South Africa experiences the changes differently. For instance, the most dramatic change at the Cape Peninsula University of Technology (CPUT) (workplace of the researcher) occurred from 1998. Since then, the ratio black to white at the CPUT accelerated every year: Black (1998 = 18%, 1999 = 21%, 2000 = 26%, 2001 = 28%, 2002 = 30%, 2003 = 34%, 2004 = 37%, 2005 = 38%); White (1998 = 52%, 1999 = 49%, 2000 = 44%, 2001 = 43%, 2002 = 39%, 2003 = 36%, 2004 = 34%, 2005 = 32%). During the same time (1997 to 2004), the growth in total student numbers at CPUT was: 1997 = 10187, 2004 = 17458, 2007 = 28953, and 2008 = 28894 (growth of 184%) (Karra, 2008).

A further example of transformation at CPUT is the introduction of new support services for the transformed student body that grew in numbers and in variety. Support services include real-time information about courses, student advising (study help, financial help, health services, counselling), online registrations, orientation, student accounts, help-desk, complaint handling, and feedback in a friendly, trustworthy and timely manner (Shaik, 2005). At the CPUT most of them form part of the professional staff function. An indication of this growth in the specialist/support professionals group is: 1997 = 35, 2004 = 105, 2005 = 139, 2006 = 171, and 2007 = 174 (growth of 400%) (Wessels, 2008).

The impact of the transformation phenomenon of higher education at South African universities will have definite affects on alumni offices to strategise and prioritise its actions in order to create an active alumni body for the benefit of the university and post-graduate students. This as a background will certainly alert the alumni office to absorb all relevant information regarding trends in this field.

Alumni as an alternative income for universities

The income from alumni to universities is something all universities well come and most probably will try to increase it. This income has the potential to outweigh the costs thereof, but the dynamics involved need to be managed properly. The alumni function can be seen as successful if the stakeholders benefit from it.

The stakeholders are the university and the alumni members. The university wants to have support from the alumni members (Beaulieu, 2009; Bedigian, 2006; Krachenberg, 1972: 370), mainly financially (Beaulieu, 2009). But, it also includes partnerships in research projects, placing of students for practical experiences, lobbying with other role players (e.g. with government in policy making); in making a standpoint on a variety of forums (that is, economically, socio-economically, and politically views).

Obtaining adequate financial recourses to meet educational and institutional needs continues to be a major problem for universities (Trustum and Wee, 2007: 1). Apart from the usual sources of funds, alumni also represent a valuable source of funding (Harrell, 2010; Karpova, 2006: 1). Understanding the factors influencing alumni giving is essential if it is to be a regular part of the institution's revenue process (Taylor and Joseph, 1995).

Sung and Yang (2009: 789) say alumni donations are a significant source of revenue across all types of higher educational institutions, and, for instance, many private institutions of higher education in the U.S. rely heavily on donations to maintain operations. An important factor, though, is the current economic and social climate, because it is causing a shift in the attitudes of many regarding their importance to the institution (Singer and Hughey, 2002: 53).

Alumni involvement in fund-raising projects and activities reflects a positive psychological commitment to the institution, generating enthusiasm and momentum for reaching those who are less committed.

Different reasons exist why alumni contribute financially to their *alma mater*. Normally, it is a desire to repay the institution for the education received (Sung and Yang, 2009: 791; Worthington and Home, 1996: 190), or it is based on an increased recognition of the academic benefits provided by the institution. Philanthropy (to give), and the habit of it, is a major social phenomenon in specifically the United States (Karpova, 2006: 4 and 27). It is an important personal value and attitude that account for one's donation behaviour (Karpova, 2006: 3). However, the dimensions of giving differ largely from culture to culture. For instance, religions, and cultural practices will determine the act of giving largely.

Sung and Yang (2009:806) further stress the importance of culture as valuable for providing a foundation or framework to a practice and tradition of giving, which eventually results in different attitudes toward giving. Therefore, future studies that attempt to examine alumni giving activities across countries need to consider cultural elements as a vital factor.

The propensity rate of giving is another vital factor that will determine the income from alumni donors. For instance, 41.9% of all alumni in the USA are donors. Only 10% of them make 60% of the total fundraising income (Karpova, 2006: 7). Sung and Yang (2009: 789) also say that about 25% of university graduates worldwide at

some time give to their undergraduate institutions. Sung and Yang (2009: 806) say further that more than 90% of U.S. adults donate to charities regularly, whereas only 10% of Koreans do. Factors that influence the propensity rate can differ largely from country to country. Specific factors are: how wealth is managed; the role of religious organisations; or the transparency of the organisations that receive donations (Sung and Yang, 2009: 789). This is an important factor to take note of in the South African environment with its large number of different cultures combined in one country.

Other important reasons are: different desires, cultural backgrounds, past experiences, motivations, and a long-lasting economic and political stability (people are ready to give because they earn enough and are sure that they will earn enough) (Karpova, 2006: 3; Sung and Yang, 2009: 789). The most important determinant of alumni giving is the individual's satisfaction with his or her undergraduate experience. Those who are satisfied, tend to make larger donations.

Nevertheless, fundraising from alumni is hard work. Harrell (2010) pointed out that reaching out to graduates and long-time students of schools is a momentous task, specifically keeping track of the university's database.

RESEARCH METHODOLOGY

In 2005, public tertiary education institutions were effectively reduced in South Africa from 36 (21 universities and 15 technikons) to 23; seventeen are categorised as traditional universities. This study focuses specifically on the traditionally white universities in South Africa, ten in total.

A quantitative research approach was followed. Self structured questionnaires, based on a 5 point Likert scale, were sent by email to all (ten in total) traditionally white universities in South Africa. The feedback was 100%. The questions in the questionnaire focused around the services offered by the university's alumni offices; the effect of transformation on membership numbers and the income universities get from the alumni (donations); the challenges alumni offices face with transformation; and the possible solutions for these challenges.

A common condition for the completion of the questionnaires was that the alumni office had to complete the questionnaire as a unit and not as individuals (some offices have more employees than others). The aim was to get a collective view from the management of the alumni organisation regarding the status of the alumni body at the specific university.

In order to eliminate misunderstandings of questions, a pilot study was done with three universities. This helped to compile a clear set of questions. Telephonic contact was made beforehand with all the universities to explain to them the need for the survey and to get their willingness to cooperate in the process. A cover letter also accompanied the questionnaire that explained the need and research process.

The questions in the self structured questionnaire originated from a thorough literature study; transformation changes in the South African university field; and from discussions before hand with alumni office personnel.

The target population was all the traditionally white universities in South Africa due to the belief (see hypothesis) that they will be affected the most by transformation initiatives. The analysis was done, using the SPSS statistical software, version 18.

Table 1. Currently, income from alumni (donations and bequests) forms an important alternative contribution to the university's total income.

		Frequency	Percent	Valid Percent	Cumulative percent
Valid	Less than or equal to 10%	7	70.0	87.5	87.5
	More than 10%	1	10.0	12.5	100.0
	Total	8	80.0	100.0	
Missing	System	2	20.0		
Total		10	100.0		

Table 2. The university sees or understands the alumni as an important source of alternative income.

		Frequency	Percent	Valid percent	Cumulative percent
Valid	Agree	8	80.0	80.0	80.0
	Uncertain	2	20.0	20.0	100.0
	Total	10	100.0	100.0	

Table 3. The transformed university will receive more income (donations and bequests) from the modern student.

		Frequency	Percent	Valid percent	Cumulative percent
Valid	Agree	1	10.0	10.0	10.0
	Uncertain	6	60.0	60.0	70.0
	Do not agree	3	30.0	30.0	100.0
	Total	10	100.0	100.0	

DISCUSSION OF THE RESULTS

Although 7 of the 10 of the respondents (87.5%) stated that the current income from alumni (donations and bequests) is less than 10% of the university's total income (Table 1), this amount can be relatively large comparing to other alternative incomes.

Alumni are still seen as an important source of alternative income, and the potential it has is supported by 8 of the 10 respondents (80%), with 2 (20%) being uncertain. As to whether the transformed university will receive more income (donations and bequests) from the modern student, the majority of the respondents (60%) were uncertain (Table 2). Only 1 of the 10 (10%) agreed and 3 (30%) disagreed (only one respondent expected the transformed university to receive more income, donations and bequests, from modern students). This indicates that alumni offices have a situation that is fluid regarding strategizing and planning for the future. An uncertainty with income is phenomenon no organisation wants to face (Table 3).

It is also not clear whether the modern student will have

a stronger alumni affinity to his/her *alma mater*, and, therefore, a stronger propensity to donate to it. Five of the 10 respondents (50%) were uncertain, whilst 4 (40%) disagree. A perception does exist, though, that the modern student will not be as supportive to the alumni body as it was in the past (Table 4).

It is clear that donations to the alma mater are closely related to culture in South Africa. Nine of the 10 respondents (90%) agree that different cultures donate differently. This means the dominant culture at the university will influence income (donations and bequests) from the alumni (Table 5).

Traditional South African universities (specifically "White" universities) will probably experience a decrease in alumni activities in future, particularly with regard to income, after an increase in student transformation.

In relation with other perceptions, 5 of the 10 respondents (50%) agreed that traditional South African universities (specifically "White" universities) will probably experience a decrease in alumni activities in future, particularly with regard to income, after an increase in student transformation (3 were uncertain and 2

Table 4. The modern student will have a stronger alumni affinity to his/her alma mater, and, therefore, a stronger propensity to donate to it.

		Frequency	Percent	Valid percent	Cumulative percent
Valid	Agree	1	10.0	10.0	10.0
	Uncertain	5	50.0	50.0	60.0
	Do not agree	4	40.0	40.0	100.0
	Total	10	100.0	100.0	

Table 5. Donating to the alma mater university differs largely from culture to culture in South Africa.

		Frequency	Percent	Valid percent	Cumulative percent
Valid	Agree	9	90.0	90.0	90.0
	Do not agree	1	10.0	10.0	100.0
	Total	10	100.0	100.0	

Table 6. Traditional South African universities (specifically “White” universities) will probably experience a decrease in alumni activities in future, particularly with regard to income, after an increase in student transformation.

		Frequency	Percent	Valid percent	Cumulative percent
Valid	Agree	5	50.0	50.0	50.0
	Uncertain	3	30.0	30.0	80.0
	Do not agree	2	20.0	20.0	100.0
	Total	10	100.0	100.0	

Table 7. Hypothesis test summary.

	Null hypothesis	Test	p-value	Decision
6	The categories of Traditional South African universities (specifically “White” One-universities) will probably experience a decrease in alumni activities in future, particularly with regard to income, after an increase in student transformation. Occur with equal probabilities.	Sample Chi-Square Test	0.497	Retain the null hypothesis.

Asymptotic significances are displayed. The significance level is 0.05. ¹Exact significance is displayed for this test.

disagreed) (Table 6).

Testing the hypothesis

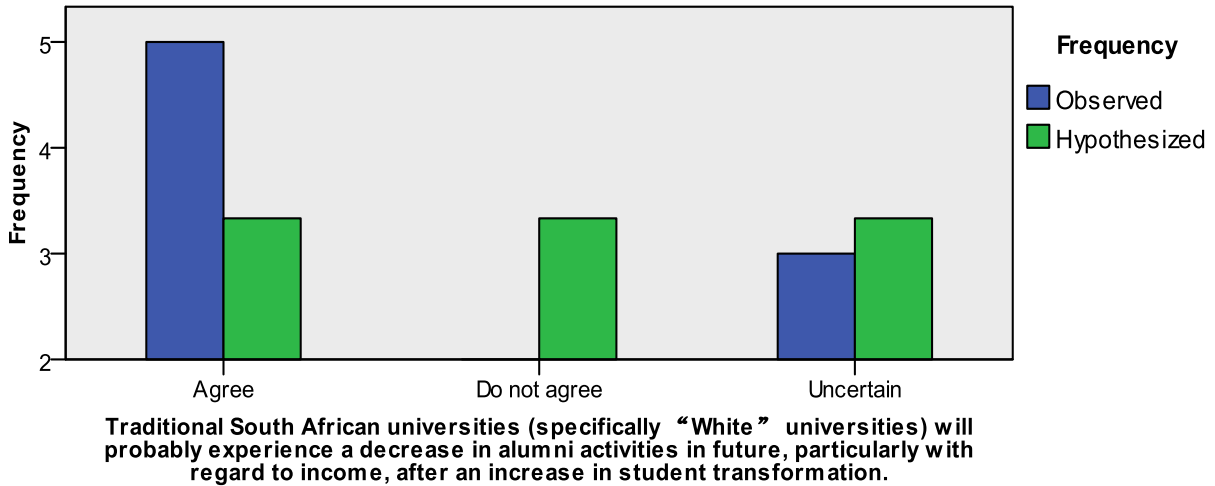
Using the one-sample Chi-square Goodness-of-fit test to test this hypothesis we can accept the null hypothesis (p-value > 0.05) (Table 7 and Figure 1).

Conclusions

Alumni offices/organisations in general are of the opinion that the traditional white universities are aware of the

alumni as an important source of income. At the moment this source is not fully utilized, but it has the potential to be tapped in the future. It is also clear that it is uncertain what will happen to alumni income in the future after transformation. This paves the way to be proactive and work towards an acceptable outcome. Alumni offices should lead the ideas and cooperate with the universities' income strategies in the future.

For the moment, it is clear that the future of alumni income is bleak. Taking into account that the modern student, mainly different cultures, is known for differences in donations to their alma mater, a need for change does exist. With that in mind, definite strategizing is necessary to overcome this challenge. Thus, income from alumni



Total N	10
Test Statistic	1.400
Degrees of Freedom	2
Asymptotic Sig. (2-sided test)	0.497

1. There are 3 cells (100%) with expected values less than 5. The minimum expected value is 3.333.

Figure 1. One-sample Chi-square test.

will come under pressure in the future. This creates the opportunity for alumni offices to take the lead in an effort to turn the situation around.

RECOMMENDATIONS

Alumni offices will have to get into discussions with the management of the universities in order to make alumni income part of the ‘university strategy’. This means that the universities have to relook into the budgets of alumni offices. Extra costs for the alumni offices will have to be treated as investments.

In essence, a strategy will have to investigate the lack affinity to donations to the alma mater. It will further have to create an understanding of the necessity of giving back to the institution of learning. This trait or characteristic have to be created from an early stage. Schools, therefore, have to get programmes on the importance of

identity creation and the lifelong benefits it have on the individual, the school/institution and the community.

SUMMARY

Traditional ‘white’ universities in South Africa have the benefit of attracting students from traditional white schools where alumni activities are part of the school set-up. Most of these schools have alumni systems that are established and maintained over years. With transformation of universities in South Africa the income (donations and bequests) from the modern student is under pressure, and it is uncertain what will happen to it.

Taking into account that the modern student, mainly different cultures, is known for differences in donations to their alma mater, a need for change does exist. A new strategy is necessary to overcome this challenge. This creates the opportunity for alumni offices to take the lead

in an effort to turn the situation around.

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