INTRODUCTION

The influence of philanthropy on promoting university development is becoming increasingly relevant. In order to attract funding, universities must develop fundraising strategies. The key to these strategies is to be aware of the importance of interaction between internal and external forces. The traditions of university philanthropy date back over centuries and it is important to modernize these traditions according to the spirit of the era and the contemporary needs of universities. Donors must be satisfied and proud of their donation, while universities need to build a relationship of trust and friendship with all supporters, be their donation modest or great.

AIM AND METHODS

The goal of the current research is to compare the existing theories of fundraising. The researchers have put forward three hypotheses: (I) Successful fundraising strategies must be based on the study of the external and internal environment and the interaction quality thereof. (II) The portfolio of universities’ needs must be structured, and complemented by university success stories and descriptions of the use of existing support. (III) Existing donors must feel permanent but unobtrusive communication of appreciation from university leadership and management.

The research would use a qualitative research approach: logical constructive method, monographic method, method of analysis and synthesis.
RESEARCH RESULTS

Fundraising strategies of universities should be based on the study of the external and internal environment and require the mobilization and permanent cooperation of the external and internal environment. A crucial factor is university leadership’s comprehension of assuring the quality of fundraising strategy and the need for investment to promote cooperation with existing and future donors. Universities need to focus on selecting three areas of support, namely, support for students and researchers in the form of scholarships, support for the quality of the study environment and support for infrastructure projects. Creating and developing university fundraising traditions is an important part of the process, so that existing and potential donors are ensured a constant comfort zone, which ensures the willingness to donate. Spending processes of the donations must be clear and transparent. Donors should be given the opportunity, as appropriate, to familiarize themselves with documentation and reports confirming the use. Universities’ public relations and marketing departments need to work with leadership of their universities and foundations thereof to raise awareness of universities’ achievements in science and research. Success stories motivate donors to join and multiply these success stories. The needs of universities must be clearly defined and individuals, as well as businesses should be given opportunities to support the cause both with small donations, as well as offering projects for large donations. Although, donations must be selfless and without anticipating a service in return, communication plays an important role, both before and after donation. The donation must create satisfaction in its donor, and the universities must express their gratitude for the donation in unobtrusive manner, which is appropriate to the donor’s expectation.

DISCUSSION

The need for diversification of philanthropic methods and the importance of philanthropy is recognized throughout the world [Hsien 2009]. At present, university funding is predominantly sourced from government grants, tuition fees, research grants from various European Union support programmes. Donation is a very important part of support for universities, constituting an increase in external revenue streams [Prince and File 1994]. In order to ensure long-term competitiveness and development, universities need to increase their forms of external financing [Chung-Hoon et al. 2007]. Universities must develop diverse networks of external funding with a more strategic approach [Chung-Hoon et al. 2007]. The increase in the importance of philanthropy in higher education has been studied and confirmed in studies throughout the world, and it is a testimony to the need for universities to work towards defining their philanthropic goals and objectives [Johnstone 2004, Jacobs 2007].

Expectancy theory suggests that graduates build their expectations for future events and therefore their involvement in university activities is based on this condition. Usually, graduates work on three dimensions:
1. Valence – the predictable added value of a graduate is directly dependent on university volunteer policy;
2. Instrumentality – belief that volunteering will one day create new added value for its alma mater;
3. Expectancy – Graduate’s self-assessment as to whether she will be capable to successfully complete the work she has undertaken [Vroom 1964].

Expectancy theory recommends to take into account that graduates will choose their type of support, which will seem more appropriate to them and will correspond to the expected outcome. Researchers point out, for example, that a group of graduates might want to contribute to lobbying for changes in higher education legislation, while others could be more focused on collaborating in order to support students in finding a place in the labour market, mentoring young graduates, or contributing to events: costs and organizational work [Vroom 1964].

And finally, the motivation of graduates to donate their time will also be determined by their previous experience in supporting their universities. The investment model states that motivation and types of graduate volunteering activities depend on the level of satisfaction that is balanced with input and cost in this relationship, provided that graduates have already invested in university development [Rusbult 1980]. This theory states that the development of relationship models can only be based on the quality of existing collaboration with a particular university department or faculty division. For instance, if graduates who have been athletes have a positive experience with university sports departments, these graduates are more likely to want to support their universities as volunteers to organize a sporting event. In this case, graduates have specific skills to organize such events [Rusbult 1980].

An important role in fundraising is played by a fundraising team that only works for fundraising. The most correct approach is to form such a team, when forced by circumstances to raise funds [Hall 1992]. The culture of philanthropy must be developed advisedly and gradually, involving more and more full-time employees. Building relationships is a crucial factor in the fundraising process to ensure that potential and existing donors are well informed about current projects and prospective needs. That is why fundraising teams must organize various activities for potential and existing donors [Hall 1992]. First of all, ambitious goals must be set and, in order to realize them, the following three basic principles of building relationships must be observed:

- the donor is always the number one person;
- the work must be implemented in such a manner that for each dollar spent on fundraising, including personnel, administrative and representation costs, at least two dollars are raised [Hall 1992];
- one must never forget to express gratitude to donors and volunteers, they should always be made feel that they are important to the CEO personally [Hall 1992]. Existing and potential donors must be offered projects that outperform existing achievements [Fransen 2007].

The theoretical part is a combination of three theories of philanthropy. The first is the “open systems theory for fundraising”, which includes factors that influence successful
The second of the three theories is a “social exchange theory” for successful fundraising [Mixer 1993], and the third is “motivation theory for successful fundraising” [Van Slyke and Brooks 2005].

The open systems theory for fundraising suggests that, to achieve successful fundraising, organizations, in this case universities, should be prepared to cooperate with the external environment. This also means that the university management should cooperate and understand the university mission and its role in the daily routine of every employee [Tempel 2010]. This theory is in line with the aim of the current research to test institutional readiness and aspirations for successful fundraising and universities’ institutional development in longer perspective.

This theoretical approach poses the question: “What should universities take into account and do to gain attention and support of donors?” The answer to this question must take into account the interaction of two components: the first is the open systems theory for fundraising and the factors that influence it, and the second component is the combination of “social exchange theory” for successful fundraising [Mixer 1993]. The competence of university administrative staff must meet certain criteria and the actions must be in line with the short- and long-term goals of universities. Administrative staff need to understand the nature of the existing and potential donors, their wishes, and their motivation to support one or another project. An important role is played by the fundraising manager, her competence and the ability to monitor not only the attraction of finance, but also the flow of communication with the internal and external environment (Fig. 1).

According to this theory, effective fundraising is based on the strengths of universities, while their weaknesses can significantly slow down the efforts dedicated to

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**FIG. 1. Open systems theory for fundraising**

Source: Tempel [2010].
fundraising [Tempel 2010]. Creation of effective fundraising management is the key to achievement. The social exchange theory indicates that establishment and maintenance of social relations is the basis for successful fundraising [Mixer 1993]. The university must be able to define its own needs to be able to propose them for support to existing and potential donors. University needs are divided into 2 large groups: student scholarships and support for research and reconstruction projects. Another important part of this theory is the ability and capability of universities to show their gratitude to donors to create a sense of satisfaction with their donation (Mixer 1993). One of the cornerstones of social exchange theory is the collaboration between universities and their graduates. “What is it like? How big and what are the investments in maintaining the dialogue and what is the return in the form of donations?” – these are the substantial questions in the context of this theory (Fig. 2).

Motivation theory for successful fundraising [Van Slyke and Brooks 2005], in turn, has been chosen to study the factors that influence donors in making a decision to donate. The authors of the theory categorize the factors determining donating in two ways: demographic variables and motivational (internal and external). This theory is appropriate because it aims to investigate what factors are decisive for the average donor to donate to universities (Fig. 3).

Donor profile is composed on the basis of two criteria: demographic and socio-economic. The demographic factor includes two sets of sub-criteria:

- gender, age, relationship status, race, religion and number of children;
- the business type of the donor and its location.

The socio-economic criteria consist of the following sub-criteria: income, employment status, education, access to educational support mechanisms and the nature of the company’s business (Fig. 4).
Forms of donations

Donating intensity

Donations of donors

Donor determinant factors of philanthropic giving

Internal motivational factors

External motivational factors

Donor reasons

Experiences

Policy

University profile

Management style

Achievements

Background factors: Donor’s profile

Demographic

Socio-economic

Gender, age, marital status, race, religion, number of children

Business type, location

Income, employment status, education background, education support mechanisms

Business nature

FIG 3. Motivation theory for successful fundraising

Source: Van Slyke and Brooks [2005].

FIG. 4. Institutional philanthropy and donor profile

Source: Isa [2014].
CONCLUSIONS

The hypotheses put forward by the researchers have been confirmed. (I) Successful fundraising strategies must be based on the study of the external and internal environment and the interaction quality thereof. (II) The portfolio of universities’ needs must be structured, and complemented by university success stories and descriptions of the use of existing support. (III) Existing donors must feel permanent but unobtrusive communication of appreciation from university leadership and management.

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ISA R. M., 2014. Growing the University’s funding through philanthropy: an Australian and a Malaysian case study, University of Tasmania [doctoral thesis].
Summary: Donations play an important role in ensuring the university development and quality of work. Based on the existing analysis of theories for fundraising, the researcher advances and evaluates three hypotheses: Successful fundraising strategies must be based on the study of the external and internal environment and the interaction quality thereof; The portfolio of universities’ needs must be structured, and complemented by university success stories and descriptions of the use of existing support; Existing donors must feel permanent but unobtrusive communication of appreciation from university leadership and management. All three hypotheses are confirmed.

Key words: philanthropy, university, fundraising, donations, strategy

JEL: A10, A20, B10

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