

# **BUSINESS AND CORPORATION ENGAGEMENT WITH HIGHER EDUCATION**

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MODELS, THEORIES, AND BEST PRACTICES



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**MORGAN R. CLEVINGER  
CYNTHIA J. MACGREGOR**

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EDUCATION**

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# **BUSINESS AND CORPORATION ENGAGEMENT WITH HIGHER EDUCATION: MODELS, THEORIES, AND BEST PRACTICES**

**MORGAN R. CLEVINGER, CFRE**

**AND**

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United Kingdom – North America – Japan – India – Malaysia – China

Emerald Publishing Limited  
Howard House, Wagon Lane, Bingley BD16 1WA, UK

First edition 2019

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**British Library Cataloguing in Publication Data**

A catalogue record for this book is available from the British Library

ISBN: 978-1-78754-656-1 (Print)

ISBN: 978-1-78754-655-4 (Online)

ISBN: 978-1-78754-657-8 (Epub)



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INVESTOR IN PEOPLE

# Dedication

Unless someone like you cares a whole awful lot, nothing is going to get better. It's not.

Dr. Seuss, *The Lorax* (Geisel, 1971, p. 58)

This work is dedicated to Joe Donaldson, Professor Emeritus and Cocreator of the Educational Leadership Statewide Cooperative Doctoral Program within the ELPA Department at the College of Education of the University of Missouri in Columbia, Missouri. A successful journey through life happens because travelers are offered guidance and clear paths by other travelers. The journey to the completion of this book was possible because of a steadfast and courageous traveler, Joe Donaldson, who helped to create a path for Cynthia J. MacGregor to obtain a doctorate, including serving as her advisor. A few years later she guided Morgan R. Clevenger, as her advisee, along that same path; and Morgan also had Joe as a teaching professor in the program. The path to a doctorate was cocreated by Joe Donaldson and several visionary leaders across the state university institutional partners. It is with humble gratitude that we dedicate this book to that doctoral program and all who work to sustain it for future travelers.

*Morgan and Cynthia*

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**About the EdD Program** – The University of Missouri Statewide Cooperative EdD Program has served educational leaders in and around Missouri since 1997. The program offers a professional doctorate in educational leadership to enhance the knowledge and competencies of leaders in educational organizations. The University of Missouri works with four partner institutions to collaboratively deliver a program that provides flexibility to pursue a doctoral degree while working full-time: Missouri State University, Northwest Missouri State University, Southeast Missouri State University, and the University of Central Missouri. As of May 2018, the program had 590 graduates, with a program completion rate of 88.2%. The innovative design and student success were recognized in 2017 with the Carnegie Project on the Education Doctorate’s inaugural Program of the Year Award.

# Table of Contents

|                         |  |     |
|-------------------------|--|-----|
| List of Figures         | ix   |     |
| Author Biographies      | xi   |     |
| Contributor Biographies | xiii   |     |
| Acknowledgements        | xvii   |     |
| <br>                    |  |     |
| <b>Chapter 1</b>        | <b>At the Intersect of Business and Higher Education: Historical, Theoretical, and Empirical Perspectives on Interorganizational Relationships</b> |     |
|                         | <i>Morgan R. Clevenger and Cynthia J. MacGregor</i>  | 1   |
| <br>                    |  |     |
| <b>Chapter 2</b>        | <b>Long-term Business Agendas to Contribute to Society</b>   |     |
|                         | <i>Morgan R. Clevenger and Cynthia J. MacGregor</i>  | 25  |
| <br>                    |  |     |
| <b>Chapter 3</b>        | <b>Corporate Philanthropy</b>  |     |
|                         | <i>Morgan R. Clevenger and Cynthia J. MacGregor with C.J. Ryan</i>   | 51  |
| <br>                    |  |     |
| <b>Chapter 4</b>        | <b>Stakeholder Management and Corporate Social Responsibility (CSR)</b>  |     |
|                         | <i>Morgan R. Clevenger and Cynthia J. MacGregor</i>  | 67  |
| <br>                    |  |     |
| <b>Chapter 5</b>        | <b>Corporate Citizenship</b>   |     |
|                         | <i>Morgan R. Clevenger and Cynthia J. MacGregor</i>  | 83  |
| <br>                    |  |     |
| <b>Chapter 6</b>        | <b>Inside Corporations: How They Think and Behave</b>  |     |
|                         | <i>Morgan R. Clevenger and Cynthia J. MacGregor</i>  | 103 |
| <br>                    |  |     |
| <b>Chapter 7</b>        | <b>How Higher Education Thinks and Behaves</b>   |     |
|                         | <i>Morgan R. Clevenger and Cynthia J. MacGregor with C.J. Ryan</i>   | 125 |

|                   |  |     |
|-------------------|--|-----|
| <b>Chapter 8</b>  | <b>Higher Educational Engagement in Economic Development in Collaboration with Corporate Powerhouses</b>                         |     |
|                   | <i>Michael W-P Fortunato and Theodore R. Alter with Morgan R. Clevenger and Cynthia J. MacGregor</i>                             | 151 |
| <b>Chapter 9</b>  | <b>Career Development Strategies Serving Businesses and Corporations</b>   |     |
|                   | <i>Morgan R. Clevenger and Cynthia J. MacGregor with Dina Piepoli Udomsak, Carol Bosack-Kosek, and Sharon Castano</i>            | 179 |
| <b>Chapter 10</b> | <b>Modern Expectations and Implications: The New Ecology, Ethics, and Future Directions of Interorganizational Relationships</b> |     |
|                   | <i>Morgan R. Clevenger and Cynthia J. MacGregor</i>  | 207 |
|                   | Appendix A: Field of Organizational Theory Concept Map   | 231 |
|                   | Appendix B: The Additional Enlightened Companies   | 233 |
|                   | References   | 235 |
|                   | Index  | 281 |

# List of Figures

## Chapter 1

|            |  |    |
|------------|--|----|
| Figure 1.1 | <i>Sábato's Triangle</i> (1968). . . . .                                     | 5  |
| Figure 1.2 | US Corporate Giving from 1970 to 2015. . . . .                               | 12 |
| Figure 1.3 | Astley and Van de Ven's (1983) <i>Organization Analysis Matrix</i> . . . . . | 14 |
| Figure 1.4 | <i>A Three-state Schema for classifying corporate behavior</i> . . . . .     | 18 |

## Chapter 2

|            |  |    |
|------------|--|----|
| Figure 2.1 | Jacoby's (1973) <i>Three Models of Behavior of the business enterprise</i> . . . . . | 28 |
| Figure 2.2 | Carroll's (1991) <i>Pyramid of Corporate Social Responsibility</i> . . . . .         | 35 |

## Chapter 3

|            |   |    |
|------------|---|----|
| Figure 3.1 | Business Contributions. . . . .   | 58 |
| Figure 3.2 | Expanded Business Contributions . . . . .                                       | 58 |
| Figure 3.3 | <i>Paradigm Lost</i> . . . . .  | 59 |
| Figure 3.4 | Strategic Corporate Giving. . . . .   | 62 |
| Figure 3.5 | The Pros and Cons of Strategic Philanthropy. . . . .                            | 63 |
| Figure 3.6 | Bruch and Walter's (2005) <i>Four Types of Corporate Philanthropy</i> . . . . . | 64 |

## Chapter 4

|            |   |    |
|------------|---|----|
| Figure 4.1 | Dynamics of Business-Civil Society-Government Relations . . . . . | 73 |
| Figure 4.2 | The Five Ideas . . . . .  | 73 |
| Figure 4.3 | CSR Continuum . . . . .   | 75 |
| Figure 4.4 | Internal Stakeholders. . . . .                                    | 76 |
| Figure 4.5 | External Stakeholders . . . . .                                   | 76 |

|                   |  |     |
|-------------------|--|-----|
| Figure 4.6        | CSR Amalgamation . . . . .   | 77  |
| Figure 4.7        | CSR Spectrum . . . . .   | 77  |
| Figure 4.8        | Corporate Involvement . . . . .  | 78  |
| Figure 4.9        | Composition of Theories . . . . .  | 78  |
| <b>Chapter 5</b>  |  |     |
| Figure 5.1        | Cone’s (2010) Corporate Citizenship Spectrum . . .                             | 85  |
| <b>Chapter 6</b>  |  |     |
| Figure 6.1        | Johnson (2003/2011) <i>University-Industry Partnership Continuum</i> . . . . . | 111 |
| Figure 6.2        | <i>Zone of Mutual Benefit</i> . . . . .  | 112 |
| Figure 6.3        | Developmental Challenge Triggers . . . . .                                     | 113 |
| Figure 6.4        | Citizenship Concepts . . . . .   | 114 |
| Figure 6.5        | Internal Motivators . . . . .  | 114 |
| Figure 6.6        | External Motivators . . . . .  | 115 |
| Figure 6.7        | Social Value Spectrum . . . . .  | 115 |
| Figure 6.8        | Higher Education Social Value Diagram . . . . .                                | 116 |
| Figure 6.9        | Social Innovation Quartile . . . . .   | 117 |
| Figure 6.10       | Campbell Values . . . . .  | 118 |
| <b>Chapter 7</b>  |  |     |
| Figure 7.1        | <i>The Corporate Engagement Process</i> (2012). . . . .                        | 138 |
| Figure 7.2        | <i>The Metrics Pyramid</i> (2012). . . . .                                     | 139 |
| Figure 7.3        | <i>The Corporate Relationship Continuum</i> (2012) . . .                       | 140 |
| Figure 7.4        | <i>Center Development Cycle</i> (2012) . . . . .                               | 141 |
| <b>Chapter 10</b> |  |     |
| Figure 10.1       | The Clevenger Nexus (2018). . . . .  | 229 |

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Clevenger has served several administrative and teaching positions in business education, institutional advancement, program management, and public relations. Most recently he was tenured associate professor of entrepreneurship at Wilkes University. Previously he was regional vice president with Students in Free Enterprise, USA, director of the Mollohan Training Center and assistant professor of business at Alderson-Broadus University, director of development and alumni relations at West Virginia University Extension Service and 4-H, vice president for institutional advancement at Hargrave Military Academy, director of annual fund at Davis & Elkins College, and public information specialist at the

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## Acknowledgments

*When you cease to make a contribution, you begin to die.*  
Eleanor Roosevelt (National Philanthropic Trust, 2018, ¶ 116)

*Never doubt that a small group of thoughtful, committed citizens  
can change the world. Indeed, it is the only thing that ever has.*  
Margaret Mead (National Philanthropic Trust, 2018, ¶ 105)

Colleagues near and far have discussed and challenged our ideas and thought processes, which yielded the discussion of business and corporate engagement with higher education overviewed in this book through various models and theories. We greatly appreciate rich dialogue, direction, and ideas from a wide variety of colleagues, including Rosanna Carducci, Noah Drezner at Columbia University, Mona Ellerbrock with University of California Davis, Charles Hasemann at the Michigan State University Innovation Center, Dave Siegel at East Carolina University, Dave Stangis at Campbell Soup Company, Ann Kaplan at Voluntary Support of Education (now a division of CASE), Carol Cone, various members in the Association for the Study of Higher Education (ASHE), the Network of Academic Corporate Relations Officers (NACRO), and numerous other practitioners and scholars of corporate social responsibility, philanthropy, and sustainability. Your moral support, research methodologies, and useful insights throughout the creation of this work are invaluable. Thank you for the many conversations and resources.

Contributing authors, reviewers, and copy editors always improve writing through thorough proofing and revisions. We are very thankful for Michael W-P Fortunato, Theodore R. Alter, C.J. Ryan, Dina Piepoli Udonsak, Carol Bosack-Kosek, Sharon Castano, Regan Clevenger, and Teri Shovlin for their review, critique, and edits. Thanks to the team at Campbell Soup Company for providing keen insights for the case study in Chapter 6: Dave Stangis, Megan Maltenfort, Andrea Chu, Melissa Donnelly, and Amanda Bauman. A special thanks is extended to David Graff at DGriff Designs for creating graphic figures. Additional thanks go to research assistants: Tessa Contheimer with the Center for Community and Economic Development at Penn State University, and Jack DeLaPlaine, Casey Flynn, Josh King, and Christine Walsh at the Business

*xviii Acknowledgments*

Research Center at Wilkes University. Many librarians have been valuable resources, including Greene County (MO) and Luzerne County (PA) Public Library staffers, and reference librarians at Missouri State University, the University of Missouri in Columbia, Missouri, and Wilkes University.

Morgan and Cynthia

## Chapter 1

# At the Intersect of Business and Higher Education: Historical, Theoretical, and Empirical Perspectives on Interorganizational Relationships

*Morgan R. Clevenger and Cynthia J. MacGregor*

*A market in which participants are driven by greed and desire to obtain momentary competitive advantage by any means—a market without trust, cooperation, compassion, and individual integrity—is not just an unpleasant place to do business. It is also highly inefficient...Neither a society nor a market economy can function efficiently without a moral foundation.*

David Korten (2001, p. 96)

*Helping people doesn't have to be an unsound financial strategy.*

Melinda Gates (National Philanthropic Trust, 2018, 46)

## 1.1 Introduction

Historically, higher education and its agenda have been shaped by the communities that founded them (Duderstadt, 1999/2000). The community includes not only citizens but also for-profit and nonprofit partners as well as the various levels of governments. Varying views have endured on the purposes, merits, consequences, and realities that manifest in the relationship between US corporate America and higher education. Ostrander and Schervish (2002) argued that a two-way social relationship exists involving a social cause and financial backing of that cause; however, by-products or other tangible and intangible benefits exist and can be manipulated. Supporters, recipient organizations, and boards all play a role in such biased behavior (Carroll & Buchholtz, 2014; Haley, 1991; Ma & Parish, 2006).

Higher education institutions have had various reasons to be engaged with corporations (Ciconte & Jacob, 2009; Clevenger, 2014, 2019; Fischer, 2000; Fry, Keim, & Meiners, 1982; Gould, 2003; Pfeffer & Salancik, 2003; Rhodes, 2001; Saiia, 1999, 2001; Slaughter & Rhoades, 2004). Likewise, businesses and

corporations historically had a variety of reasons for being corporate citizens (Carroll & Buchholtz, 2014; Cone, 2010a; Johnson, 1966; Saul, 2011). One key is that businesses have desired to support higher education. Examples include view of shareholder philanthropic support, managerial discretion and passion for social-related causes, ability to give from profitability and economic status, or board emphasis on charitable causes. Some motives have had “strings-attached” reasons such as return on investment; advertisements; relatively low-cost investments such as research, public relations, image, and social currency (Carroll & Buchholtz, 2014; Ciconte & Jacob, 2009; Clevenger, 2014, 2019; Fischer, 2000; Gould, 2003; Litan & Mitchell, 2011).

Since the 1950s, increasing attention has been directed by companies to be participatory and responsible citizens (Camilleri, 2017a). (See Bowen’s (1953) seminal book *Social Responsibility of the Businessman* and Farmer and Hogue’s (1973) book *Corporate Social Responsibility*.) A range of goals and purposes have ensued around the topic of business engagement. Specifically, much controversy, accountability, and edification continue to create attention to interorganizational relationships by companies – particularly with higher education (Camilleri, 2017b; Carroll, 1979, 1998; Crane & Matten, 2004; Freeman, 1984; Matten & Crane, 2005; Porter & Kramer, 2006, 2011; Visser, 2011, 2014; Waddock, 2004).

American higher education and U.S. corporations are uniquely intertwined, and the dynamics between them have been described by several prominent authors. “Inter-organizational relations, as its subject name suggests, is concerned with relationships between and among organizations” (Cropper, Ebers, Huxham, & Ring, 2008, p. 4). An interorganizational relationship “is concerned with understanding the character, pattern, origins, rationale, and consequences of such relationships” (Cropper et al., 2008, p. 4). “Inter-organizational relationships are subject to inherent development dynamics” (Ebers, 1999, p. 31). Four development *dynamics* include “the parties’ motives,...the pre-conditions and contingencies of forming inter-organizational relationships,...the content, and...the outcomes” (Ebers, 1999, p. 31). Similarly, Aldrich (1979) indicated four dimensional considerations of formalization, intensity, reciprocity, and standardization of reoccurring behavior. Beyond these factors, organizations constantly learn how to act and to react to other organizations (Aldrich, 1979; Ebers, 1999; Guetzkow, 1966; Meyer & Rowan, 1977; Pfeffer & Salancik, 2003). The three processes for organizational learning and respective interorganizational engagement include understanding, reevaluation, and adjustment (Ebers, 1999; Ring & Van de Ven, 1994). Ebers described interorganizational learning as follows:

In the course of an ongoing inter-organizational relationship, the parties may for instance learn more about the environmental challenges and opportunities that affect the contents and outcomes of their relationship; they may learn more about one another, for example, about their goals, capabilities, or trustworthiness; and they may learn how they could perhaps better design their relationship in order to achieve desired outcomes. (p. 38)

These contextual factors push interorganizational relationships “to evolve over time” (Ebers, 1999, p. 38). “Over time, the interactions among organizations become institutionalized” through routine, formal associations, and frequent interactions (Guetzkow, 1966, p. 24).

Attention to private support for higher education continues to increase as government dollars decrease. Most research in financial support and engagement of higher education institutions has been atheoretical and offers guidance only for practitioners (Caboni & Proper, 2007; Clevenger, 2014; Drezner, 2011; Kelly, 1998; Young & Burlingame, 1996). Higher education has contributed greatly to society. Cohen (2010) said, the Carnegie Commission translated the traditional purposes of higher education – teaching, research, and service – into five sets of goals: (1) providing opportunities for the intellectual, aesthetic, ethical, and skill development of individual students; (2) advancing human capability in society at large; (3) enlarging educational justice; (4) transmitting and advancing learning; and (5) critically evaluating society for the sake of society’s self-renewal (p. 278). As a pluralistic society, higher education, the state and federal governments, and corporations were all rallying behind quality, accessible education. A major shift occurred in the 1970s as US corporations became larger global entities. The corporations began embracing their engagement and charitable involvement with higher education and nonprofits as a strategic action (Cone, 2010a; Sheldon, 2000).

Additionally, corporations became more comfortable with their societal relationships to openly reveal their processes, to create extensive annual reports, and to promote their social contributions to society (Cummings, 1991; Lydenberg & Wood, 2010). Higher education and other community stakeholders “rely on information from annual reports, rating agencies, news releases, magazine articles, websites, blogs, and corporate social reports” to be aware of, to understand, and to act or react to corporate motives and behaviors (Clevenger, 2014; Greenberg, McKone-Sweet, & Wilson, 2011, p. 115). A corporation’s annual reports may also be labeled as “social report, public interest report, values report, integrated report, ethics report, integrity report, sustainability report, or triple bottom line report” (Kaptein, 2007, p. 71). Regardless of name, such reports and other information “portray the relationship between a corporation and society” (Lydenberg & Wood, 2010, p. i). Such reporting adds credibility to the perspectives of corporate accountability and communication, environmental, financial, human rights, and social concerns (Greenberg et al., 2011; Kaptein, 2007; Lydenberg & Wood, 2010). Such reports often include perspectives of stakeholders as well as endorsement of certain codes of behavior (Lydenberg & Wood, 2010).

This chapter begins the discussion of interorganizational relationships in the field of organizational analysis to explore and discuss the space between higher education and business. This chapter explores the pluralism of the United States, interorganizational dynamics and pressures, and trends in the late twentieth century and the new millennium. Finally, the chapter illustrates the disparate scholarly research that has begun to take shape to promote attention to these relationships and to create an opportunity for further research.

## 1.2 What Has Been and Is Happening

The United States, a pluralistic society, consists of a multitude of groups and organizations that coexist to provide diffusion of power among them, wide decentralization, and diversity (Carroll & Buchholtz, 2014; Eisenstadt, 1981; Jacoby, 1973; Morgan, 2006). Virtues of a pluralistic society include preventing power from being concentrated in the hands of a few, maximizing freedom of expression and balance, minimizing the danger of any one leader or organization being in control, and providing built-in checks and balances. America's pluralistic environment requires all parties to take interest, ownership, and responsibility for rational behavior and joint ownership for social values (Jacoby, 1973; Saul, 2011).

### 1.2.1 Pluralistic Intersection

In our pluralistic society, three entities that interface on behalf of society are the state and US governments, higher education, and corporations. Restated, these three sectors are often labeled: the state, nonprofit, and for-profit. First, the state and federal governments exist to give structure to societal functioning, including laws and ethical expectations. Public higher education is an extension of state governments. Second, the nonprofit sector – which includes private higher education – exists to foster the development of individuals, to prepare individuals for careers and life work, and to sustain a quality life well-being through a myriad of special purposes including health, community, art, religion, animal welfare, and the environment. Specifically, “education provides a foundation for personal growth, professional training, and social mobility” (Rhodes, 2001, p. 9). Both public and private higher education are also expected to contribute in a myriad of ways to society via science, medicine, art, humanity, business, and many other disciplines to improve and to enlighten the world (Bush, 1945; Gould, 2003). Higher education seeks to advance public or societal goals (Fulton & Blau, 2005). Additionally:

The American system of higher education is acknowledged as the finest in the world and our colleges and universities have been essential to our success as a nation. Now we are living in a new world economy, one that emphasizes ideas over products and the life of the mind over work with the hands. In this environment, higher education is more central than ever to the economic and social progress of all nations. (Worth, 2002, p. 298)

Finally, the for-profit sector, known as *businesses* or *corporate America*, serves as the economic cornerstone of the US capitalistic economy in a democratic republic (Carroll & Buchholtz, 2014; Drucker, 1946; Gould, 2003). *Sábato's Triangle* (see Fig. 1.1), developed in 1968, illustrates this dynamic relationship and the joint ownership these entities have in society (Hatakeyama & Ruppel, 2004). Civil society, the government, and the market intertwine

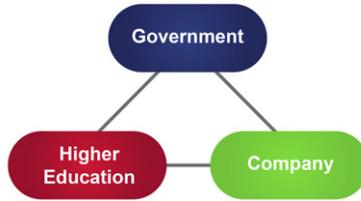


Fig. 1.1. Adaptation of *Sábato's Triangle*.

Note: This graphic was developed in 1968 by Jorge Sábato and Natalio Botana, and illustrates the relationship among government, US businesses (labeled *Company*), and the private sector, such as *higher education*, as labeled here. The team's thinking was considered "advanced for the time" (Hatakeyama & Ruppel, 2004, p. 2).

social, political, and economic interests to create the interplay of exchanges operating countries (Waddell, 2016).

Corporations and higher education rely upon each other in an interorganizational relationship for mutual benefit (Carroll & Buchholtz, 2014; Gould, 2003; Liebman, 1984; Norris, 1984; Pfeffer & Salancik, 2003; Tromble, 1998). For example, higher education institutions yield professionals needed for hire in corporations as well as develop methodologies and make scientific discoveries that are to be transferred to society (Boyd & Halfond, 1990; Elliott, 2006; Gould, 2003; Just & Hoffman, 2009; Etzkowitz, Webster, & Healey, 1998; Slaughter & Leslie, 1997; Slaughter & Rhoades, 2004; Withers, 2002). However, "in any relationship where one partner has resources and the other seeks access to the resources, a power dynamic is created" (The Center on Philanthropy, 2007, p. 1). Giroux and Giroux (2004) and Sommerville (2009) argued that the past century of higher education has been stripped of its voice and leadership in America because higher education is also corporatized. Siegel (2007) contended that too many academicians and administrators operate on fear instead of information, communication, and close relationships with corporate representatives to create win-win situations for higher education and corporate interests. "The interests and concerns of academic and commercial enterprise increasingly overlap" (Siegel, 2012, p. 30). Johnson (2006a) summarized:

It's somewhat ironic that while recent infrastructure developments have enabled us to collaborate and engage with each other more easily than at any other time in history, changes in our thinking, attitudes, beliefs, and motivations have simultaneously placed obstacles in our way that have to be overcome. (p. 212)

A combination of resource dependence, societal expectations, and accountability create pressures on these complex interactions between and among interorganizational functioning.

### **1.2.2 Fiscal Intersection**

One highly visible aspect of interaction between higher education institutions and corporations is financial (Eddy, 2010; Fischer, 2000; Gould, 2003; Rhodes, 2001; Solórzano, 2017). Higher education is funded by tuition, government aid, and private support, which includes individuals, foundations, and corporations. As governments cut funding, more of a burden falls on the private sector to help fund higher education purposes and goals (Arulampalam & Stoneman, 1995; Carroll & Buchholtz, 2014; Cicone & Jacob, 2009; Curti & Nash, 1965; DeAngelo & Cohen, 2000; Drezner, 2011; Gould, 2003; Johnson, 2006; Levy, 2001; Rhodes, 2001; Shannon, 1991). Several factors contribute to the rising costs of higher education; these have created financial challenges: technology expense and implementation; the processing of labor intensity to educate students holistically, which comes with a price tag of professionals' costs; new programs to meet current world demands; and opportunity costs of inclusivity for all people to have access (Rhodes, 2001). Corporations have a significant financial impact on higher education through charitable contributions, which constitute a 10-year aggregated average of 15.52% of all funding dollars contributed and nearly 10% of higher education budgets (Kaplan, 2018).

“We need to be concerned about letting corporations dictate our social values, but this is not likely to happen” (Saul, 2011, p. 184). Saul indicated that organizations such as higher education institutions should help to set social agendas and then to create value propositions for funding partners such as corporations. Additionally, Saul explained that corporations are defined as “impact buyers” (p. 184). Funding from corporations often comes with clearly defined expectations and limitations (Fischer, 2000; Giroux & Giroux, 2004; Molnar, 2002). Debate about whether higher education institutions should receive corporate funding continues with varying viewpoints. “Companies seldom give resources out of altruistic motivations. Support for higher education is a strategic investment” (Sanzone, 2000, p. 321). “When a corporation funds charitable activities, it may do so with money that would otherwise be paid as taxes on profits...it often chooses projects with an eye to the good name or long-term interests” (Rhodes, 2001, p. 144). Note, however, that motivations and ethical behaviors have also been a concern of higher education institutions because of some dishonest solicitation, donor manipulation, and institutional mission abandonment, among other factors cited in Caboni's (2010) quantitative book of 1,047 fundraisers' behavior in American colleges and universities.

Creating positive, productive relationships requires win-win solutions for both parties (Bruch & Walter, 2005; Carroll & Buchholtz, 2014; Eddy, 2010; Levy, 2001; Siegel, 2012). Bolman and Deal (2017) indicated that the responsibility of organizational leaders is not to answer every question or to get every decision right but, rather, to be role models and catalysts for values – including ethical behavior – in all activities. When corporate self-regulation fails, government and society push for stronger legal and regulatory measures. Solomon (1993) called for deeper Aristotelian ethics, which include “honesty, dependability, courage, loyalty, integrity” (p. 105). Bolman and Deal observed that successful

corporations engrain virtue and ethics into their corporate character. On the higher education side of the relationship, the Association of Fundraising Professionals (AFP) and the Council for Advancement and Support of Education (CASE) have promoted self-regulation to ensure ethical behavior of fundraisers and of higher education leaders (AFP, 2018; CASE, 2018).

### ***1.2.3 Late Twentieth-century Trends***

The last quarter of the twentieth century saw several important trends in the US American society. There is “an aging population, increased participation in education at all levels, a higher ratio of women in the workforce, and more children being reared in single-parent homes” (Cohen, 2010, p. 307). Society saw the end of the Cold War and steadily increasing globalization. Divorce rates continued to climb, so society experienced more single parents and grandparents as parents. Finally, significant immigration to the United States has been from “Central and South America and Eastern Asia, not Europe” (p. 307).

On the 25th Anniversary of the Council for Aid to Education (CAE), Chairperson Garvin (1975), who was also chair of Exxon Corporation, said:

Corporate support for education ought to be viewed as a kind of capital investment. Such an expenditure, while it has an intangible component, is by no means speculative. It is not geared for a quick profit, and many of us won't be around when the real dividends are paid. Yet although the ultimate return may never be quantifiable, the investment is nevertheless most necessary. At the very least, it manifests a faith in the future, a belief in what young people entering college can contribute to improve the quality of life in the years ahead. ... One of the strengths of our higher education system has been the pluralistic basis of its support. (pp. 5–6)

He contended that diverse resources helped to strengthen higher education and to rely less on the government. Additionally, he noted “that the growth rate of corporate support for our colleges and universities has not been keeping pace with the more rapid increase in tax-supported assistance to these schools” (Garvin, 1975, p. 6). State governments have always provided more “institutional development and continuing support” (Cohen, 2010, p. 379) for higher education than the federal government. From 1975 to 1994, federal government support decreased from 16% to 12% (Cohen, 2010). Pressure for increased accessibility to higher education has continued, and institutional accountability, assessments, accreditation, and associations have increased steadily.

The Reagan and Bush administrations saw major tax cuts for the wealthy and decreased regulations (Giroux & Giroux, 2004). The Tax Reform Act of 1986 increased the direct giving corporate tax ceiling from 5% to 10% of pretax income (Meuth, 1991; Mixer, 1993). “In the period from 1986–1994, corporate cash giving declined in constant dollars by 20 percent, from \$7.49 billion to 6.11 billion, averaging a 2.8 percent loss per year” (Levy, 2001, p. 108). The 1990s saw

higher education being concerned with declining resources (Cohen, 2010; DeAngelo & Cohen, 2000). Higher education institutions continued to operate efficiently, eliminate replication of programs and services, increase technology and communication systems, and provide relevant degrees. “Extrinsic demands create other complications. Funding comes from many sources, and some... specify how their monies shall be allocated” (Cohen, 2010, p. 388).

Each corporation had a variety of elements affecting their charitable contributions. Examples included view of shareholder philanthropic support; managerial discretion and passion for social-related causes; ability to give from profitability and economic status; board emphasis on charitable causes, and a host of strings-attached reasons such as return on investment, advertisement, relative low-cost investments such as research, public relations, image, and social currency, to name a few (Carroll & Buchholtz, 2014; Cicone & Jacob, 2009; Clevenger, 2014; Fischer, 2000; Gould, 2003; Litan & Mitchell, 2011; Sanzone, 2000). Additionally, as corporations adjusted over time, they may have also changed their positions, goals, and strategies, which have evolved from altruistic to enlightened self-interest into corporate social responsibility and, today, corporate citizenship.

Debate about whether higher education institutions should receive corporate funding continued with varying viewpoints. “An important finding of this literature is that pure altruism is rarely a satisfactory assumption” (Arulampalam & Stoneman, 1995, p. 937). Giroux and Giroux (2004) indicated that students are confused as to the purpose of education: “customer satisfaction is offered as a surrogate for learning” (p. 275). Students are bombarded with commercialism on billboards, advertisements, credit card offers, premiums, and many other commodities. However, despite criticisms, Cohen (2010) stated:

The higher education system that had evolved over the centuries since the colonies were formed had reached a stage of diversity, complexity, and comprehensiveness that could never have been foreseen. It had become a set of institutions [public and private, universities, baccalaureate colleges, community colleges, and specialty higher education institutions] related by a medium of exchange and arranged by principles of sequence loosely followed. Each institution maintained courses, curriculum, student and faculty relationships, and requirements that looked decidedly like those in similarly labeled activities in other institutions. Higher education had become, in effect, a national system that could not be described merely by examining its legal arrangements or the structure of its institutions. It was more a social system with its various parts standing in certain relationship to each other. It had rules of conduct, sets of shared beliefs, and expectations on the part of the students, staff members, and the public. (pp. 329–330)

Rhodes (2001) indicated that “the three major changes in the character of the American university over the last half-century – growth in inclusiveness, growth