Let’s Talk about Trust

Juniper Locilento, MPNL, CFRE

@jberri

#AFPCongress2018
Agenda

- Why this topic
- What I explored:
  - The Role of Public Trust
  - The Role of Fundraising Ethics
  - The Role of Regulation
  - The Role of Ideology
  - Roadmap for Strengthening Public Trust
- Why it matters

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What Do These Have in Common?

Potential to disrupt trust between charities and public

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Why is professional fundraising viewed as problematic by regulators and the public?
The Role of Public Trust

- Central importance to Canadian charities
- Underpins key relationships
- High levels of trust = freedom of operation and higher levels of support
- Low levels of trust = more oversight, constraints on how charities operate, lower levels of support
Public Trust: The Good News

Canadians report more trust in charities than they do in almost all other institutions.

Source: Muttart Foundation Talking about Charities (2013)
Public Trust: The Not-So-Good News

Source: Muttart Foundation Talking about Charities (2013)

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The Role of Public Trust

- 52% of Canadians think charities spend too much on fundraising
- 34% expect all funds to go to the cause (Lasby & Barr, 2015)
- While Canadians’ trust in charities is high, their trust in charitable fundraising is not
What Role Do Ethics Play?
The Role of Fundraising Ethics

- By giving people opportunities to become more generous, fundraisers help them to develop their own moral virtue (O’Neill, 1993)
- Noble profession
1. The status of those involved in securing a dollar, and their motives and incentives
2. The methods through which the donated dollar is obtained, and the efficacy of those methods
3. The percentage of the donated dollar that makes its way to the intended beneficiary
The status of those involved in securing a dollar, and their motives and incentives

Research shows that charitable solicitation has a significant impact on both frequency and amount of donation*

Asking Matters
  - important in the age of disintermediation

*Science in Philanthropy Initiative, n.d; Marudas & Jacobs, 2010; Gneezy, Rau, Samek & Zhurahovska, 2017
The methods through which the donated dollar is obtained, and the efficacy of those methods
Donors aren’t aware of factors driving fundraising costs
But also, they don’t care
The Role of Fundraising Ethics

- The percentage of the donated dollar that makes its way to the intended beneficiary
- The sector is generally not appropriately resourced to effectively evaluate programs and demonstrate outcomes
- Instead, focus is on cost ratios
What Drives Charitable Giving?

1. Awareness of need
2. Solicitation
3. Costs and benefits
4. Altruism
5. Reputation
6. Psychological benefits
7. Values
8. Efficacy

Source: Bekkers and Wiepking, 2011
Common Concerns about Fundraising

- Lying about the cause
- Accepting tainted money
- Using high-pressure tactics
- Misusing prospect information
- Concealing fundraising costs
- Raising money on commission

Source: O’Neill (1993)
The Role of Fundraising Ethics

Factors driving charitable giving vs Common concerns about fundraising = Cognitive dissonance

Unsatisfactory for the donor

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Cognitive Dissonance

CHEERS TO ALL THE PEOPLE

WHO CAN CHANGE THEIR MINDS WHEN PRESENTED WITH INFORMATION THAT CONTRADICTS THEIR BELIEFS

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What Role Does Regulation Play?
The Role of Regulation

- Charitable giving is a form of pro-social behaviour
- Government confers tax-exempt status on charitable organizations and forgoes tax revenue to incent donations
- Government’s role as regulator is to act as guardian of public trust:
  - guard against fraud
  - ensure donations are spent on charitable activities
  - promote good practice
The Role of Regulation

- Primary objective of fundraising regulation is to protect the public and preserve public confidence in charities (Breen, 2016)
- CRA: monitors compliance with ITA; issues guidance on fundraising activities
The public’s view of charities and fundraising is thought to be a measure of efficacy of regulatory environment:

- If public sees fundraising as problematic, charitable donations will decline.
- If trust is high, giving is likely to increase.

BUT...
The Role of Regulation

The Truth:

- Little evidence to support correlation between regulation and public trust:
  - What constitutes effective regulation is a contested issue (Breen, 2016)
  - Not just about the regulations: it’s about whether / how they are enforced; impact of enforcement on trust (Dietz, Barber, Lott & Shelley, 2017)

- If impact of regulation is unclear, difficult to argue for more
The Role of Regulation

- **Perception** of who is responsible for regulation – and how effective they are – may indeed have an impact

- Three types of “enforcers (Breen, 2016):
  - Tax authority (i.e. CRA)
  - Charities (self-regulation or peer regulation – i.e. Standards Program)
  - Donors themselves

- Self-appointed enforcers (media, watchdogs) can be dangerous for charities – see Olive Cooke, Wounded Warrior, etc. – narrative too simplistic

- Public trust is **safer** in the hands of regulators

- Co-ordinated effort between regulators, sector, watchdogs and media would be preferred to fundraising regulations that could be punitive

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What Role Does the Professionalization of Fundraising Play?
Fundraising as a Profession

Greater understanding of what we do could lead to greater respect for our work

- Second “golden age” of philanthropy, but focus is almost exclusively on donors.
- What fundraisers do, what kind of people are good at it and why it matters

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Factors undermining professionalization of fundraising:

- Lack of verifiable body of knowledge
- Absence of widespread formal qualifications
- Emphasis on experiential learning
- Frequent involvement of volunteers
- Lack of public recognition of fundraisers’ expertise

Source: Beth Breeze The New Fundraisers (2017)
Fundraising was carried out by volunteers, mostly women.

Was “professionalized” by men, used military and sexual terminology.

Has become a female dominated profession, with men disproportionately represented in leadership positions.

Dale: Fundraising as Women’s Work? (2017): gender stereotypes have devalued the paid work of fundraising.
Two key findings:

- Dichotomy between how fundraisers are perceived by others and by their own experience of the profession, which is overwhelmingly positive.

- Fundraisers are significantly more trusting than the general public:
  - 51% believe that most people can be trusted
  - compared to 22% of general population
What Role Does Ideology*Play? 

*collection of ideas or beliefs
Fundraising Ideology

- Guiding ideology of the sector is voluntary nature, grounded in Christian concept of charity
- When a charity is “too professional”, it strays from voluntary origins = ideological conflict (MacQuillan, 2017)
- It’s the essential nature of the act of fundraising, NOT the execution, that is the issue for the public (Breeze, 2015)
Fundraising is considered problematic because it is at once too professional to be trusted and at the same time not considered adequately professional to warrant trust.
On one hand...

- **Too professional:**
  - Perception of high costs
  - Marketization
  - Concerns about ethics

- **Not professional enough:**
  - Lack of formal educational requirements & boundaries
  - Voluntarist roots
  - Devalued as “women’s work”
Implications

- Fundraisers’ ability to raise funds is influenced by how they are perceived (Breeze, 2017)
- It’s in the public interest to accept fundraising as a legitimate practise
- We must change underlying beliefs, attitudes and values about fundraising in order to improve public trust
Cognitive Dissonance

CHEERS TO ALL THE PEOPLE

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What We Need to Do

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Roadmap to Strengthening Public Trust

- Address voluntarist ideology: *hearts, not minds*
- Address gender issues / get respect!
- Explore ethics & donor centricity
- Strengthen our inclusion & equity practices
- Increase emphasis on education & training, focus on retention
Roadmap to Strengthening Public Trust

- **Improve accuracy of data**
  - Difficult to make our case
  - 2009 review of T3010s: 32% had errors

- **Revisit metrics: outcomes not CPD**
  - Ability to measure / report outcomes hampered by pressure to keep fundraising costs low
  - Watchdogs, media may be using incorrect data to evaluate charity effectiveness; impacts giving decisions

- **Cultivate better understanding**
  - “Home in government”; economic policy responsibility
Roadmap to Strengthening Public Trust

- **AFP International**
  - IDEA: Women’s Impact Initiative

- **AFP Canada**
  - Communications: Asking Matters; Fundraising is Awesome
  - Government Relations: Day in the Ridings

- **AFP Canada Foundation**
  - IDEA: national fellowship program
  - Research agenda

- **AFP Greater Toronto Chapter**
  - New strategic plan: Image & Reputation
  - Insights: commissioned research on trust across 8 countries

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References List:


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