

# Let's Talk about Trust

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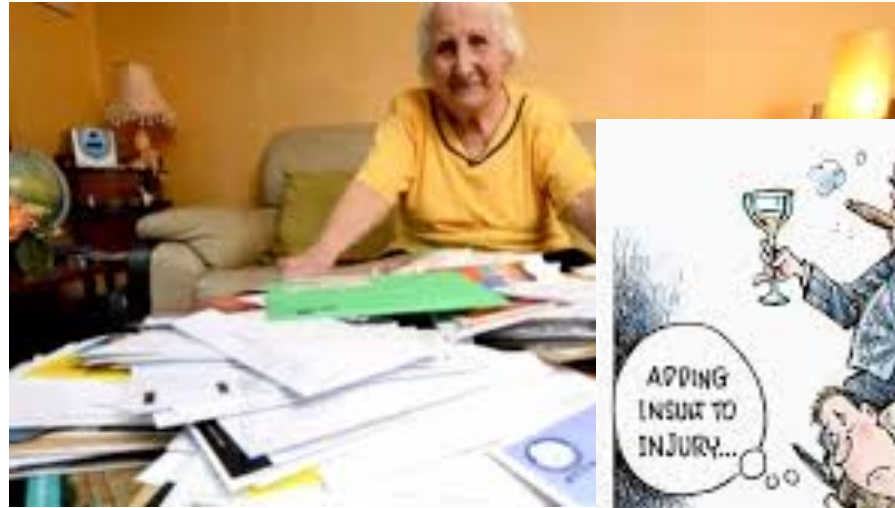
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# Agenda

- **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**

# What Do These Have in Common?

Potential to disrupt trust between charities and public



## Research Question

- **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**

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

Public Trust: The Good News

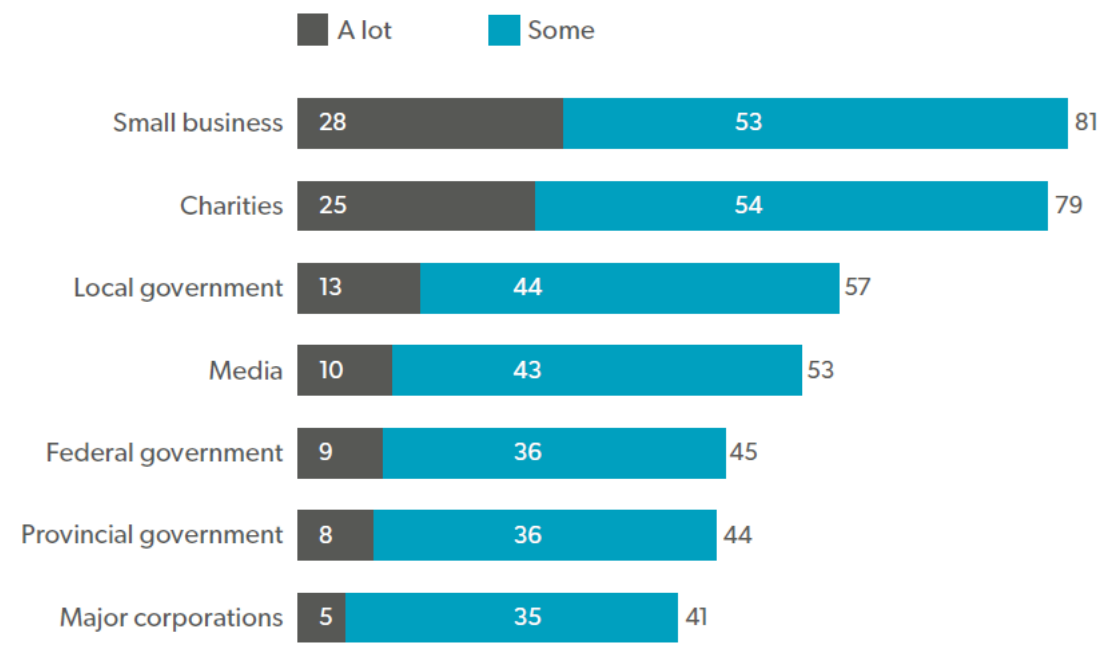


Figure 5.1.4

Levels of trust in other societal institutions.<sup>a</sup>

<sup>a</sup>Totals may not add due to rounding

Source: Muttart Foundation Talking about Charities (2013)

# Public Trust: The Not-So- Good News

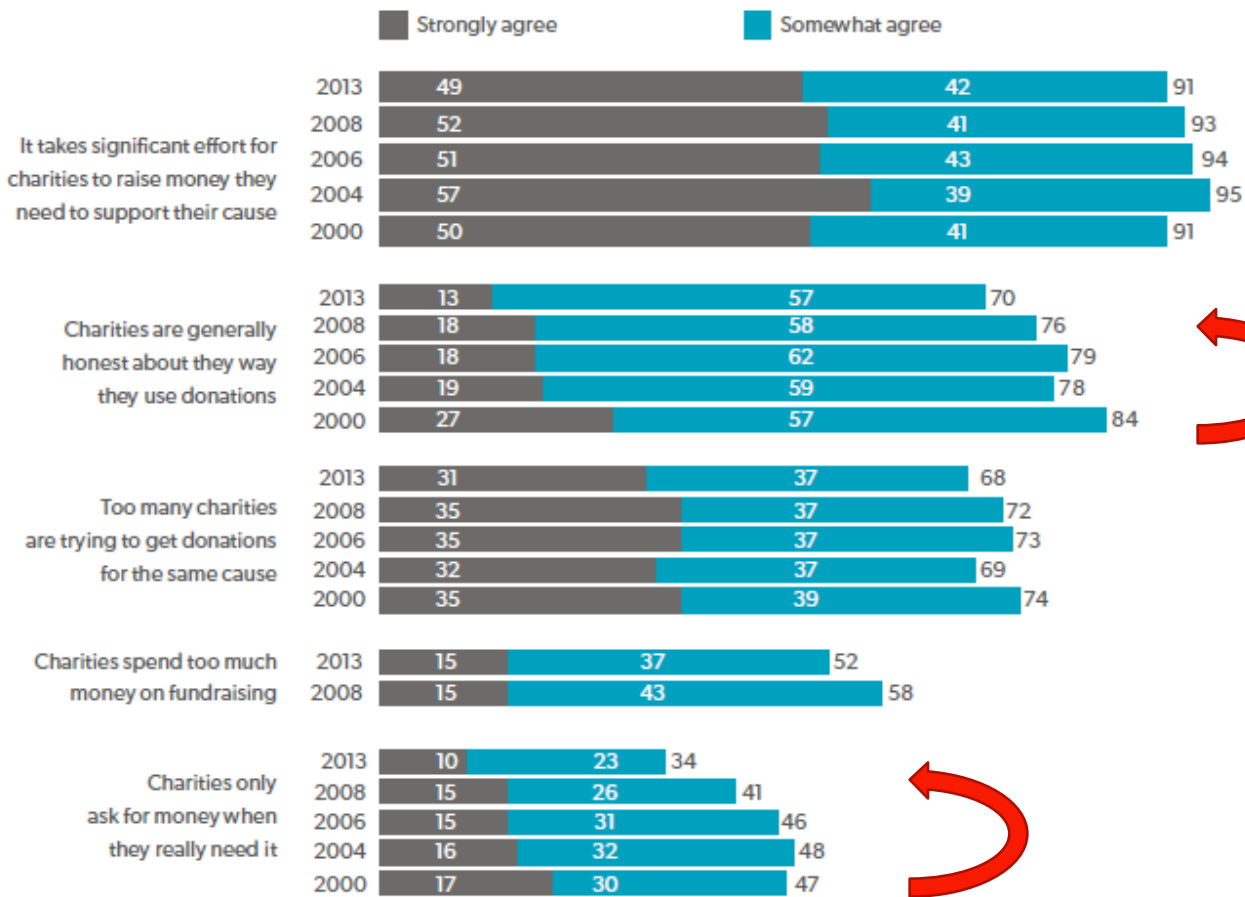


Figure 6.1.1

Opinions about fundraising.<sup>a</sup>

<sup>a</sup>Totals may not add due to rounding

Source: Muttart Foundation Talking about Charities (2013)

## 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

## The Role of Fundraising Ethics

- 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**

Issue #1

## The Role of Fundraising Ethics

- 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

Issue #2

## The Role of Fundraising Ethics

- **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**

### Issue #3

## 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

## The Role of Fundraising Ethics

# 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

## The Role of Fundraising Ethics

# 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

harms public  
trust



Factors driving charitable giving

**VS**

Common concerns about fundraising

**=**

Cognitive dissonance



Unsatisfactory for the donor

Cognitive  
Dissonance



# 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:

The Logic:

## The Role of Regulation



If public sees fundraising as problematic, charitable donations will decline

If trust is high, giving is likely to increase



**BUT...**

The Truth:

## The Role of Regulation

- 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



# What Role Does the Professionalization of Fundraising Play?

# Fundraising as a Profession



- 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

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

## Fundraising as a Profession

### 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)

## The Role of Gender

# Fundraising as a Profession

- 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

# THE NEW FUNDRAISERS



Who organises charitable giving  
in contemporary society?



## 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)**

## Key Finding

- 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



# What We Need to Do

## Roadmap to Strengthening Public Trust

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

Government

# 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

AFP

# 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**

# Conversation



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